



CONTINENTAL SELLING PRICES: AUSTRIA S 15; BELGIUM F 25; DENMARK Kr 3.5; FRANCE F 3.0; GERMANY DM 2.0; ITALY L 500; NETHERLANDS F 2.0; NORWAY Kr 3.5; PORTUGAL Esc 20; SPAIN Ptas 40; SWEDEN Kr 3.25; SWITZERLAND F 2.0; EIRE 15p

## NEWS SUMMARY

### GENERAL

#### Smith race ruling dismay

Rhodesia's statement on the abolition of racial discrimination was heralded on all sides as a non-event, legitimising and formalising already-accepted breaches in the racial code.

But the failure of the transitional Government, headed by Mr. Ian Smith, to abolish segregation in schools, hospitals and residential areas has been criticised as a betrayal by nationalists and white moderates. **Back Page; Editorial comment, Page 12**

#### 20 die in floods

At least 20 people were killed in the Swiss and Italian Alps in the worst flooding to hit the region in more than 25 years.

#### Italian arrested

An Italian man, wanted by Italian and British police in connection with art thefts, was arrested by Scotland Yard detectives on a jet flying from Miami to London.

#### Tanker rules

The Government plans to introduce tough new regulations for the structure and maintenance of oil and chemical tankers, according to Transport Secretary Mr. William Rodgers. **Page 6**

#### Cardinals meet

Cardinals from various countries gathered in Rome in preparation for Saturday's funeral of Pope Paul. Led by the spokesman, they defended the decision to open a book on the new Pope.

#### Thorpe firm

Former Liberal leader, Jeremy Thorpe, is expected to confirm soon his plan to defend his North Devon seat in a general election. Leading Liberals have last night virtually abandoned attempts to persuade him to withdraw.

#### Three jailed

Three French tourists convicted under anti-racism laws of illegally importing two cats into France were sent to prison, after failing to contact relatives to raise the £500 fine each faced.

#### Prison claim

Four men serving sentences in Ulster's Maze Prison are trying to take the British Government to the European Commission of Human Rights in Strasbourg, alleging inhuman and degrading treatment. **Page 6**

#### Docks threat

Naval bases on the Clyde could be brought to a standstill today if dockers backing the Polish submarine HMS Resolution over a pay dispute continue their ban. **Page 7**

#### Assault on peak

A team of women climbers from Britain and the U.S. arrived in Kathmandu to prepare to climb the world's 19th highest mountain, the Nepalese Himalayan peak Annapurna I.

#### Earthquake

Brickquakes rocked the town of Peshawar in north-eastern Pakistan.

Greek newspapers reported that Christina Onassis plans to divorce the Russian she married eight days ago. Her aunt denied the reports.

Thieves took over a filling station closed for modernisation and sold 1,350 gallons of petrol at 50p a gallon, Birmingham magistrates were told.

Japanese farmers have produced a liqueur flavoured with earthworms which is said to be an aphrodisiac.

Arab held after attack on Iraq's Paris embassy said he was sent by the PLO.

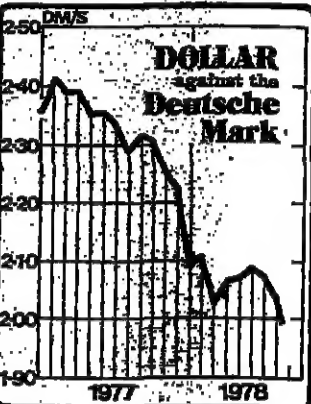
#### CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)		
Albercon Invs.	132	+15
Bourne & Hollingsworth	222	+12
Brown & Jackson	122	+8
Cook (Wm.) (Shed)	24	+4
E. Midland Allied A.	63	+4
Hambros	178	+14
Howard Shuttering	31	+3
Hunting Assoc.	277	+10
Lloyds Bank	170	+10
Marchant	154	+10
McKee Bros.	101	+3
Mills & Allen	202	+12
Pfizer	122	+5
Plessey	205	+4
Powell Duffryn	208	+8
Prior (B.)	94	+4
Rentokil	62	+4
Securities	132	+5
Spirax-Sarco	123	+10
Starzins	110	+8
Stead & Simpson A.	45	+5
Tate & Lyle	177	+5
Taylor Woodrow	412	+16
Vinten	191	+12
Wagon Ind'l	150	+10
Warford Invs.	310	+28
Pres. S. Ind'l	428	+22
Wholesale Fittings	175	+8
Shell Transport	572	+8
Anglo American Corp.	344	+12
CRA	282	+12
Carr-Bond	33	+10
De Beers Deft.	985	+28
Pres. S. Ind'l	428	+22
Rustenburg Plat.	103	+5
Unilever Minerals	57	+7
Tekn Corp.	312	+10
West Dist.	229	+10
Western Holdings	224	+1
Lyons (J.) A.	128	+5
Morgan Edwards	54	+1

### BUSINESS

#### Dollar weakens; Gold at new high

D-Mark rose to a record level against the dollar, closing at DM 1.9880 against \$1.20090 on Monday. The dollar was generally weaker and its depreciation



widened to 2.5 per cent (8.3 per cent). STEELINX rose 40 points to \$1.6340 but its trade-weighted index fell to 62.4 (62.3).

GOLD rose to a record close of \$206 1/2 in London, reflecting weakness of the dollar, and New York that closed August settlement price 84 cents up at \$208.40.

EQUITIES related to disappointing mid-July banking figures, and a 2.5 rise in the FT ordinary index, fell 2.2 p.m. was cut to 1.6 by the close, leaving the index at 507.4.

GILTS markets saw selling in shorts which closed down. The Government Securities Index closed 0.23 up at 263.5.

WALL STREET closed 4.18 up at 889.21, a new high for the year.

CAR IMPORT sales in the first few days of August—the start of the new year—have risen sharply, being a little more than 50 per cent of the UK market. **Back Page**

THREE offshore oil exploration blocks in the South Western Approaches and the North Sea have been finally allocated under the fifth round of licences. **Page 5**

GOVERNMENT has refused to obey an EEC instruction that it should lift its ban on imports of mainland potatoes and open the UK market to Community supplies. At the same time the Ministry of Agriculture has announced a £22m support scheme to ensure protection for UK growers potato prices. **Page 19**

NATIONAL ENTERPRISE Board is about to finalise a plan to acquire a clearing bank to provide finance for small companies. **Back Page**

MANCHESTER AIRPORT firemen will hold a series of lightning strikes over morning levels from this morning, following a breakdown of talks. The airport will close during the stoppages. **Page 7**

AUEW has become the first big union to ban official delegations to the Soviet Union as a protest against Soviet suppression of human rights. **Page 7**

CRANE FRUEHAUF made a loss last year of £17m, after having forecast in October 1977, at the time of resistance by Crane to takeover by Praxair International of the U.S., that its pretax profit would be £2m. **Back Page**

BERNARD SUNLEY Investment Trust revenue for the year to March 30 rose sharply to £523,000 to £2,64m, reflecting lower interest charges and a 12m improvement in trading income. **Page 14 and 15**

AUTOMOTIVE PRODUCTS pretax profit for the half-year to June 23 rose 17.8 per cent to £7.41m on turnover of £59.78m (£79.81m). **Page 14**

## Britain wins major order for two coal mines in China

BY DAVID HOUSEGO: PEKING, August 8

China has asked Britain to design, construct and equip two large coal mines at Tatung in the North-East of the country, it was disclosed here today. Total cost of construction is likely to run to several hundred million pounds, making the project one of the largest undertaken by the National Coal Board overseas.

Design work is to be carried out by PD-NCB, jointly owned by Powell-Duffryn and the coal board but the distribution of other orders for equipment among British companies has yet to be decided.

The Chinese announced their decision to the British trade delegation at present in Peking. The delegation is led by Mr. Edmund Dell, Trade Secretary. Among the 14 industrialists accompanying him is Sir Derek Ezra, NCB chairman.

The coal board has still to carry out its own feasibility studies of the site but the Chinese have told them that the coal is of good quality, near the surface and in thick seams.

Part of the output will be shipped to Hong Kong to supply the new \$1.5bn power station being erected there by China Power and Light. Equipment for the plant is being provided by GEC and Babcock Borsis.

The three-way deal indicates the importance of the Crown Colony in Britain's developing relations with China.

It was also disclosed here today that the contract for the petrochemical plant awarded to a

major British company last week interest rates below the 7.5 per cent recognised among Organisation for Economic Co-operation and Development members as part of the "gentlemen's agreement" on export-related long-term credits to developing countries reflects cheaper credit being offered by Japan—and thus a breach of the consensus.

The British delegation were told today that China has in this principle agreed to financing equipment purchases through buyer credits—a clear pointer to the direction in which China is moving in its acceptance of international borrowing which it evaluation to the placing of firm orders abroad.

As an increasing number of contracts are disclosed, it becomes clear that China, in its new drive for rapid modernisation, has at last moved beyond the immediate future, loans are likely to be made through the mechanism of British banks placing deposits with the Bank of China at the same time as payments are due to a British exporter.

The mechanism in effect would give the Chinese Export Credit Guarantee Department credits of eight years and possibly longer.

The British side is evidently concerned that Chinese pressure on British companies to obtain

Continued on Back Page

## Sadat-Begin summit called by Carter

BY DAVID SUCHAN

WASHINGTON, August 8

PRESIDENT CARTER will preside over a meeting between Mr. Menachem Begin, the Israeli Prime Minister, and President Anwar Sadat, of Egypt, at his Presidential retreat at Camp David on September 5, in a bid to prevent the total breakdown of the Middle East peace talks.

The summit between the two Middle East leaders clearly carries high risks for the eight-month peace initiative and for the shaky political fortunes of Mr. Carter himself.

But Mr. Jody Powell, the White House Press secretary, said today: "The three leaders agree that there is no task more important than this search for peace."

Top U.S. Administration officials justified the summit invitation, which is something of a diplomatic gamble, by declaring it vital to prevent a total breakdown in negotiations between Egypt and Israel.

Mr. Carter decided on the initiative during the five-day trip to Jerusalem and Alexandria by Mr. Cyrus Vance, U.S. Secretary of State.



Mr. Begin and President Sadat: another meeting.

Mr. Vance, who will report in detail to the President when he returns to Washington tomorrow, left for the Middle East following President Sadat's refusal on July 30 to hold any further talks with Israel until the Begin Government makes a commitment to eventual withdrawal from the occupied West Bank and Gaza Strip.

For the first time in weeks before the Camp David summit will be needed to try to extract some concessions and flexibility from the two sides is to some extent artificial.

Both sides appear to believe that the proposals could provide a basis for settlement. The union is also saying that it would be prepared to accept 37 hours now, instead of its claim for 35 hours, provided that there was a firmer future commitment than in the report towards the lower figure.

Chapple against Post Office telecommunications sales monopoly. **Back Page**

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## Rough diamond prices up 30%

BY KENNETH MARSTON, MINING EDITOR

A RECORD price increase of 30 per cent for rough gem diamonds mined by South Africa's De Beers and other producers was announced yesterday by the Central Selling Organisation which handles some 85 per cent of world diamond sales.

In the first half of this year the value of these sales rose to \$1.22bn (\$600m), following the record 1977 total of \$2.07bn.

The CSO is also to discontinue the price surcharges that were imposed earlier this year to stop the hoarding of uncut stones by trade buyers hedging against currency uncertainties, notably those facing the U.S. dollar.

The weakness of the dollar is the major factor behind the highest increase in gem prices which are expressed in dollars. The dollar has fallen by about 20 per cent against the Japanese yen and the Swiss franc in the past eight months following the last CSO price increase of 17 per cent, which

was the highest for 30 years. That increase, which followed one of 15 per cent in March, 1977, stemmed from a strong demand for rough gem diamonds which has continued. Although the speculative

hearing of uncut stones appears now to have been broken, demand for the polished gems has also continued to be good.

Because of the high retail price mark-up which is largely lost on a re-sale, diamond jewellery is a less satisfactory hedge against falling currency values than gold in the form of bars or one-ounce Kruggerand coins. But diamonds remain a store of value.

One reason for the rise in demand over the past two years has been the success of De Beers' sales campaign which has been aimed at the less affluent market for the smaller gems.

The latest price increases take effect from August 2: at the next CSO diamond sale, of which there are 10 a year. The trade will be waiting to see how well the higher prices are accepted by the market, especially in view of the buying expected for the important U.S. Christmas trade.

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## Telephone engineers may step up action

By Nick Garnett, Labour Staff

THE POST OFFICE Engineering Union said yesterday that if the corporation refused to discuss the McCarthy peace proposals on their dispute without insisting on preconditions, the union would have "no alternative" but to step up sanctions.

The sanctions, which include a work-to-rule and the non-commissioning of new exchanges, are severely affecting telecommunications and postal services.

Difficulties in making international calls worsened noticeably yesterday. The booking of calls through one of the main international switching centres serving links with Africa and the Middle East has been stopped, and large companies and the clearing banks said their operations were being increasingly disrupted.

Delays in commissioning the London House telephone exchange and St. Botolph's tele exchange in London are also causing further deterioration in international services.

The corporation has accepted the report of Lord McCarthy, the industrial relations expert, who has recommended a cut in the engineers' working week from 40 to 37 hours, linked to increased productivity.

The union believes that Sir William's letter means that the Post Office will refuse to discuss the report unless the engineers lift their sanctions and the union gives assurances before negotiations that it accepts the framework of the McCarthy proposals. The union says both conditions are unacceptable.

Union negotiators, however, believe the deadlock since the McCarthy report was received by the two sides is to some extent artificial.

Both sides appear to believe that the proposals could provide a basis for settlement. The union is also saying that it would be prepared to accept 37 hours now, instead of its claim for 35 hours, provided that there was a firmer future commitment than in the report towards the lower figure.

Chapple against Post Office telecommunications sales monopoly. **Back Page**

## BANK LENDING BUOYANT

### Hopes fade for cut in lending rate

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

HOPES OF a cut in Minimum Lending Rate in the next week or two receded yesterday. This followed the publication of evidence suggesting that the rate of monetary growth has been higher than the market had been hoping, though still well within the official target range.

The banking figures for the month to mid-July indicate that lending continues to be relatively buoyant. Borrowing by manufacturing industry showed a noticeable increase for the second month running.

The clearing banks appear to be facing some difficulties in making the necessary adjustments to avoid penalties under the so-called corset controls on the growth of their interest bearing liabilities. These were imposed as part of the Government's credit-squeeze package in early June.

The banking statistics disappointed the gilt-edged market where quite a lot of selling was reported and early gains of 3/16 at the short-end were turned into losses of 1/2 by the close.

This response was largely because the expected decline in Minimum Lending Rate now looks like being delayed a little. The authorities are believed not to want to make any major decision on short-term interest rates for the next two or three weeks.

The main indication that monetary growth has been higher than hoped is provided by the Bank of England's figures for the eligible liabilities of the banking system as a whole. These are the major component of sterling M3, which includes cash and current and seven-day bank deposits.

These liabilities rose by 1.5 per cent to £45.04bn in the month to mid-July, following a decline of 0.3 per cent in the previous month.

These figures are not seasonally adjusted and will have been affected by half-yearly interest charges. Nonetheless, the implication is that sterling M3 may have grown by around 1 per cent during the period.

This would be sufficient to boost the annual rate of growth of sterling M3 in the first three months of the financial year to above the bottom end of the official target range of 8 per cent to 12 per cent for 1978-79 as a whole.

The authorities do not appear to be unduly concerned about the figures which they feel provide full justification for the reimposition of the corset controls.

Apart from seasonal influences, the figures have also been

affected by the impact of inflows of foreign currency resulting from the recent intervention to check the rise in sterling.

The rise in eligible liabilities may also have been inflated by technical money market factors, notably the pressure on the clearing banks' reserve assets ratio, produced by the recent shortage of liquidity. There has been switching of borrowing from the money market to the clearing banks.

The extent of the further adjustment needed to avoid penalties under the corset controls is indicated by a mid-July level of sterling M3 exceeding eligible liabilities of £30.17bn.

This represents a rise of just under 1.5 per cent during the month. The ceiling in order to avoid penalties is £29.12bn on average between mid-August and mid-October.

The London and Scottish clearing banks probably more than account for the recent rise. They face a conflict between the corset penalties and cutting off a rise in lending to industry, and hence dampening down economic activity.

The clearing banks believe this shows that there was not nearly as much window dressing ahead of the reimposition of the corset as had been suggested.

Stirling advances by London clearing banks to the UK private sector rose by £733m in the month to mid-July. About half the rise was attributable to seasonal factors, including the debiting of most of half-yearly interest and commission charges.

Banking Information Services commented yesterday that "because of the general shortage of funds in the money markets large customers continued to borrow from the clearing banks in preference to borrowing through the markets, and there appears to have been no reversal of the switching into overdraft borrowing noticed in the previous month."

Advances to the manufacturing and farming sectors showed increases in excess of the seasonal average in July. Sterling deposits by the UK private sector rose by £373m, most of which could be attributed to seasonal factors.

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## EUROPEAN NEWS

## Portuguese ready to grant takeover compensation

BY JIMMY BURNS

LISBON, August 8.

AFTER WEEKS of hesitation, Portuguese officials appear set to go beyond mere promises and to resolve the outstanding problem of indemnification, which is crucial to business confidence and future investment in the country.

Basing themselves on one of the last decrees passed by the Socialist-Conservative alliance before its collapse nearly two weeks ago, leading Portuguese banks are now calculating the provisional value of shares of companies nationalised or "illegally" occupied in the first months of the Portuguese revolution.

Ministry of Finance officials have confirmed that by October they would have begun to pay out compensation in the form of bonds.

Calculation of the provisional values of the shares would be based on two criteria—firstly, the book value of the company, which will account for 85 per cent of the eventual compensation, and secondly, the average price of the company's shares on the Stock Exchange ten years before nationalisation, which will account for 15 per cent.

Although this calculation does not for the moment take into account inflation, officials believe

that this will be offset by another factor—that the value of shares was generally exaggerated on the Portuguese Stock Exchange ten years ago.

Although the exact number of companies entitled to claim compensation is unclear, officials estimate that the total value of the bonds will eventually be in the region of £100bn (£1.1bn).

Before their alliance finally broke, Socialists and Conservatives in the Government were known to be divided as to what extent the Government should carry the burden of the indemnifications. Dr. Vítor Constâncio, the Minister of Finance, is known to have favoured loosening the eventual strain on the country's budget by making the indemnified companies include the service of the Government's debt as a cost. Conservatives felt that the Government should be more directly involved.

## Spain delays decision on energy and steel pricing

By Robert Graham

MADRID, August 8.

THE Spanish Government has decided to postpone a decision on increased prices for energy and steel products.

The cabinet which met briefly last night appeared reluctant to take any decision until the autumn.

A rise to "realistic" prices for industrial fuel, gas and electricity is one of the main elements in the 10-year energy plan released two months ago. However, the Government is reportedly unwilling to institute such measures now at the height of the holiday season.

The same reasoning applies to steel prices which have already been raised by 10 per cent this year. Industry sources expect a further rise of around 5 per cent which would bring Spanish steel prices into line with those throughout Europe by the end of the year.

Cabinet ministers, anxious to resume work after the holidays, approved only one major measure formalising the move whereby the state holding company, INI, buys for Pta 4bn (£27m) a 34 per cent stake in the country's third largest steel company, Altos Hornos de Vizcaya (AHV).

The move, which has already been announced, is the first phase of a major restructuring of the integrated steel sector.

Despite some pressure from the Ministry of Industry, the cabinet did not approve measures now in the pipeline, primarily credits and rationalisation of the two largest steel concerns, the state-controlled Enxidea and Altos Hornos de Vizcaya.

## Air Force jet order goes to local company

By Our Own Correspondent

MADRID, August 8.

THE Defence Ministry has decided to opt for a Spanish-produced aircraft for the air force's next generation jet trainer despite strong foreign competition.

The new aircraft, known as the C-101, will be produced by Casa in which the State holding company has a 55 per cent stake.

The C-101 will replace the ageing Hispania HA-200 which also has a strong local content. Initially 60 of the new jet trainers have been ordered worth Pta 15.46bn (£103m), according to the official bulletin.

Among the foreign aircraft considered were the British Hawk jet trainer, the Italian Aeromach MB 339 and the Franco-German Alpha jet.

The order is confirmation of the authorities' desire to build up Spanish aerospace technology and construction through Casa, whose foreign shareholders include Northrop, Dassault and Messerschmitt.

The order amounts to almost double Casa's existing turnover of Pta 8bn.

Casa has a 4 per cent stake in the European Airbus and makes the front doors and tail fin. Two months ago it was agreed that Casa should be allocated a slice of the work involved in the supply by Dassault of 48 Mirage F-1 jet fighters.

There are also reports that Casa will construct up to 20 per cent of 50 Boelkow 105 helicopters just ordered from West Germany. At present Casa's main work is the short landing short takeoff Aviocar of which it has sold over 130.

## THE FILBINGER AFFAIR

## Reopening Nazi wounds in West Germany

BY JONATHAN CARR

"GOD HELP our darkened and desecrated country and teach it to make its peace with the world and with itself."

The words are those of the writer, Thomas Mann, in exile from Nazi Germany in 1937. More than 40 years later West Germany is not only at peace with, but often admired by, other countries. Yet the so-called "Filbinger affair" which reached its climax this week shows how deep the wounds of the Nazi era remain in Germany, how easily passions can still be aroused over what happened then.

At one level—even if most people feel it to be the least important—the affair is a personal tragedy. Dr. Hans Karl Filbinger has had an outstanding career in the Christian Democratic Union (CDU), the main opposition party in Bonn. He has given great service to his state of Baden-Wuerttemberg as a member of its government for two decades and as its Prime Minister for 12 years. Over the last six months he has been forced to recall death sentences he passed as a naval staff judge in occupied Norway in the closing months of the war, has seen support for him fading even among his colleagues and friends—and has finally had to step down as Premier.

It may well be asked whether it is fair to drive a man out of office for actions he took in almost intolerable circumstances more than three decades before. But beyond it, his critics maintain that he could have done more as a judge to postpone and prevaricate, since at that date it was clear that the war would not last much longer.

Dr. Filbinger replied that in some cases he had been able to use his influence to obtain remission of sentences, and that had he

indulged in dramatic gestures against the then existing law he would have been removed and would thus have lost all influence.

Many Germans—young and older—would be prepared to accept that defence. How many people who did not live through that time could say with certainty that they would have reacted to the pressure in a different way? Yet Dr. Filbinger's case in two ways.

For one thing he appeared publicly to experience little deep regret or sorrow over what had happened—whatever his private feelings may be. And he insisted that in a legal and moral sense he felt innocent over the decisions he had been forced to take in the war—even though as a Christian he admitted, as he put it, to guilt in a theological sense.

This is the point which brought down on him the sharpest attacks. Certainly the SPD was most outspoken, with Chancellor Helmut Schmidt referring to a "pathological good conscience" and Herr Willy Brandt to Dr. Filbinger as having the "sensibility of a rhino." But leading figures in the CDU were privately critical and even less ready to continue their support for Dr. Filbinger the longer he continued to protest his correctness. There were rumourous scenes in the Bundestag, with the CDU arguing that the SPD was claiming for itself the moral right to decide on who had been a real Nazi and who not. But behind the public demonstrations there was an accord which cut across party lines. It implicitly recognised that the past could not be undone, but that an appropriate attitude to the past—shame, regret, an unwillingness

to try to make excuses—was a pre-requisite for the right to hold office and help form policy. That is really why Dr. Filbinger had to go in a way which finally brought little honour to him but more for West German democracy.

It is fair to ask how long this process must continue. Will there have to be more affairs like that involving Dr. Filbinger while politicians remain who lived through the Nazi era? Perhaps the choice of a successor for the job is Dr. Manfred Rummel, Mayor of Stuttgart, a civilian capital. He has long been known principally as the son of Field Marshal Erwin Rummel, who was forced by the Nazis to commit suicide. Yet Dr. Rummel has recently come to the fore as a man of considerable moral courage in his own right. Not least by denying public opinion in providing a burial place for the terrorists who committed suicide in Stuttgart-Stammheim jail last year. His independent views have not always won him friends in his own CDU. But there are many who feel that his choice as new Bad Wuerttemberg Prime Minister would most effectively draw a line under the past.



Dr. Hans Karl Filbinger, his own worst enemy.

## Eanes consults military on selection of Premier

BY OUR OWN CORRESPONDENT

LISBON, August 8.

PORTUGAL'S President, General Ramalho Eanes, is due to meet the country's military watchdog body, the Council of the Revolution, tonight before deciding on his choice for Prime Minister.

Under the constitution, the President must consult both the political parties and the council before making his decision.

A statement issued from the President's office early today confirmed that despite further consultations, the political parties had failed to agree on a solution to the present crisis.

President Eanes has now officially taken the initiative. He remains reluctant to call an early general election because he believes that it would be costly for the country in economic and political terms.

The President and the main political parties, including the Communist Party and the Right-wing Social Democrat Party have agreed on the second of two alternatives to early elections—the formation of a presidentially backed government of "political personalities." This could remain in office until the next elections, due in October, 1980. Differences persist, however, as to the content of the government, and more immediately, as to the choice of a man to lead it.

The Socialist, Conservative and Communist Parties have all declared their preference for civilian Prime Minister. They say that this would be more truly democratic than naming a military figure.

## Talks on Danish coalition

BY HILARY BARNES

COPENHAGEN, August 8.

SIR ANKER JOERGENSEN, the Danish Prime Minister, and the senior colleagues met today to discuss policy alternatives for a possible coalition Government.

Mr. Joergensen announced in May his intention to try to form a majority coalition, but while he has proposed which parties he would like to see in a coalition, he has been reluctant to discuss policy.

Nothing decisive was expected to emerge from today's meeting, which Mr. Henning Christoffer-

sen, the Liberal chairman said, was not about the formation of a government. Mr. Joergensen has proposed a Government of his own Social Democrats together with the Liberals and the Radicals, a small social liberal party. The Liberals have hitherto been reluctant to commit themselves to joining a Government without being partnered by the Conservatives. In the last few days, however, there have been indications that the Liberals may no longer be taking such a firm stand on this condition.

## Experts condemn Copenhagen link

COPENHAGEN, August 8.

A REPORT by 13 leading Danish economic and technical experts today condemned government plans to build a 12-mile-long bridge linking Denmark's two main islands.

The proposed \$1.1bn Great Belt Bridge would connect Sjælland—on which Copenhagen stands—and Fyn to the west. It would complete road and rail links between the capital and all

the main Danish islands at the entrance to the Baltic, as well as to the Jutland peninsula. The experts' report said the eastern half of the bridge should be replaced with a tunnel. It added that bridge tolls would be higher than present ferry charges over the Great Belt, and the bridge would absorb more investment capital than Denmark could afford.

## Progress in N-test discussions

BY DAVID EGLI

GENEVA, August 8.

CONSIDERABLE PROGRESS towards a ban on all nuclear weapons tests was reported here today. Speaking on behalf of the three powers engaged in the negotiations, Britain, the U.S. and the Soviet Union, Sir Derrick Ashe, the British disarmament representative, noted that significant progress had been made in recent months in several areas of the negotiations.

The parties he told the disarmament committee here,

had gone beyond an exchange of views on their basic approaches and principles and were now dealing with possible areas of agreement, as well as some outstanding points.

The trilateral negotiations resumed here on May 4, and have now become the longest continuous round of talks to date. The current work included the contributions of many technical specialists who were meeting on an almost daily basis to resolve

the issue of effective, but not excessive, verification, Sir Derrick said.

The three powers have agreed that a treaty should ban nuclear weapons tests in all environments and include a protocol dealing with nuclear explosions for peaceful purposes.

"The present phase of the negotiations is producing results," Sir Derrick claimed. The three powers were pushing ahead as fast as they could.

## Paul Betts, in Rome, looks at plans to bridge the Straits of Messina Bringing help to Italy's impoverished South

THE OLD dream of linking Sicily to mainland Italy is for the first time beginning to take concrete shape. After nearly two decades of detailed studies and advanced technical tests, a consortium grouping most of Italy's major private and public enterprises including Fiat, Pirelli and the State steel group Finisider, working in collaboration with the British engineering consultants Freeman Fox and Partners, have come up with an ambitious project to build a 3.3-kilometre long single-span suspension bridge across the Messina Straits.

The project, estimated to cost about £1,000bn, or close on \$250m, and which is expected to take between five and six years to complete, is currently being examined by the Government. But already Sir Giulio Andreotti, the Prime Minister, has publicly supported it.

Enormous economic and social benefits would clearly be reaped from the bridge, with its projected six-lane motorway and two railways on a lower level. At present some 12m people, an estimated 600,000 railway trucks, about 900,000 cars, nearly 500,000 articulated lorries, and some 11m tons of goods cross the Messina Straits each year. By 1985, about 2,500 people every hour and five vehicles every minute are expected to cross the Straits.

But beyond easing traffic congestion in the Straits and cutting back sharply the deficit the State railway ferry service runs up each year, the bridge would greatly accelerate the develop-



An artist's impression of the proposed suspension bridge across the Straits.

ment of the South and especially of Calabria and Sicily. The two regions, whose 8m inhabitants account for about 15 per cent of the country's overall population, are among the poorest in Italy.

In this respect, the project falls neatly into the Government's current medium-term economic strategy, which in large measure aims at promoting "stable growth" over the next three years with the emphasis on the development of the Mezzogiorno, the depressed south.

bridge feasibility study and are apparently prepared to insure the entire project. The consortium, officially called the Messina Bridge Group, claims the structure would stand up to winds of more than 200 km an hour. In any event, there was no other viable alternative.

The Messina Straits are a notoriously seismic area making the construction of an underwater tunnel practically impossible, while a bridge with foundations in the sea would represent a major shipping hazard for the 60,000 ships which cross the straits each year.

Misgivings about the project, however, have been voiced by the trade unions here and some of the left-wing political parties. The unions in particular fear that the Government may now treat the bridge as a substitute for other alternative investments in Calabria, especially the controversial project to build Italy's first integrated steel complex at Gioia Tauro near Reggio Calabria. Although the steel project has been scrapped by the Government, the unions and the left-wing parties are pressing for an alternative job-creating Gioia Tauro. To this end the investment programme for Government set up a special commission for Calabria last week.

The South itself is watching the Messina bridge project warily. The new bridge would fulfil many of its expectations. But the South of Italy has always been promised much, and has effectively got very little.

Lloyds of London have already carefully scrutinised the Messina

## French air negotiations stalled

BY DAVID WHITE

PARIS, August 8.

FRENCH AIR traffic controllers failed to make any progress in talks with the Government today and are due to decide tomorrow whether to resume their go-slow at the weekend.

A Transport Ministry spokesman said there was "no rupture and no agreement" in three and a half hours of negotiations between union representatives and the Government, after protracted weeks of chaos in holiday flights to many European destinations.

Government officials displayed guarded optimism after today's meeting and suggested that the general unpopularity of the strike

might influence their decision on whether to resume disruptive action on the same scale.

The unions are seeking higher staffing levels (without the military staff, who assist in operations at, among others, Charles de Gaulle Airport in Paris) improved pay and pension conditions and the right to strike.

The Government has ruled out putting control towers entirely in military hands in the case of a prolonged dispute, as it did in 1973 when two Spanish airlines collided in mid-air over France during an illegal controllers' strike.

## Jobless fall unlikely this year

BY OUR OWN CORRESPONDENT

PARIS, August 8.

LITTLE CHANGE in France's unemployment level—now just over 1m—is likely before next year, according to M. Francois Ceyrac, head of the French employers' council, the Patronat.

The last jobless figures showed a slight increase in the number of job applications in June, and the Government has admitted it is expecting the level to reach a peak of 1.2m.

In a television interview, the employers' leader said an improvement would come about only when the economy began to pick up, which it should "normally" do in the first half of 1979.

"All the conditions for an investment pick-up have been brought together, but one essential one is missing—money,

Companies' financial position deteriorated from the second half of 1976, and considerably in 1977. It has not improved in the first half of 1978. We

to absorb the large number of school-leavers coming on to the labour market," he said.

The Patronat was working with the unions on two fundamental issues: changes in weekly working hours (for which the Patronat has proposed a more flexible system) and unemployment benefits.

The success of the Barre Government's wage restraint policy has, meanwhile, been brought into question by the results of a survey published by the newspaper, Le Monde, showing a 3.3 per cent rise in hourly earnings in the second quarter of the year.

The increase, measured on a sample of 20,000, compares with 2.2 per cent in the first quarter and 3.3 per cent in the same period of last year.

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## AMERICAN NEWS

## Administration seeks to curb inflationary pay rises

By DAVID BUCHAN

WASHINGTON, August 8.

THE U.S. Administration has been virtually the only administration to intensify and, if tradition holds, to speak out boldly about the role of wages in creating the current inflation effort to reduce the acceleration of the rising U.S. inflation rate brought about by collective wage settlements.

The Labour Secretary, Mr. Ray Marshall, the trade union movement's most prominent advocate in the Carter Administration, said yesterday that he would head a new five-man committee to monitor wage settlements and inflation, which would also include Mr. Robert Strauss, who has been the Government's president over the Governmental Council of Wage and Price Stability.

Mr. Marshall made the announcement at the executive meeting of the AFL-CIO trade union grouping in Chicago, in a clear bid to placate Mr. George Meany, the AFL-CIO president, who has been angered by recent statements by Mr. Bosworth about excessive wage settlements. The effect of the new committee will be to rein in Mr. Bosworth, a 35-year-old economist, who has

been virtually the only administration official to speak out boldly about the role of wages in creating the current inflation effort to reduce the acceleration of the rising U.S. inflation rate brought about by collective wage settlements.

But Mr. Marshall made it clear that his position on the new committee will not herald a non-interventionist policy towards wage settlements by the administration. Indeed, closer study of individual sectors of industry, including the possibility of setting precise price and wage guidelines, would be made, he said.

Mr. Bosworth, about whom Mr. Strauss has complained to President Carter, has become a prime target for the unions, due largely to the contrast between him and Mr. Strauss, who has tended to concentrate more on the price aspect of inflation in private chats with companies.

But worries about wage-related inflation are real. In particular, they stem from the average annual increases of more than 10 per cent won by groups of more than 5,000 workers in the first six months of 1978. This is considered disturbing by Administration economists because, usually when economic growth is beginning to slow down, as it is now, demands by large unions start to moderate, while smaller ones step up their demands to catch up.

Mr. Bosworth has publicly castigated the behaviour of the big manufacturing unions, the backbone of the AFL-CIO, for setting their demands at levels well above those of the smaller unions and the non-union sector, because they reckon that big manufacturing companies can always recoup by raising prices.

The Administration still lacks any effective institutional link with business and labour on the issue of fighting inflation. The Business-Labour Management Group, which brings together a handful of top corporate and union leaders, has been seriously weakened by the recent defection of Mr. Doug Fraser, president of the United Auto Workers (not affiliated to the AFL-CIO), and Mr. Meany has questioned whether AFL-CIO leaders will remain in it any longer.

## Fed warned on dangers of interest rate rise

By John Wyles

NEW YORK, August 8.

A WARNING that further increases in U.S. interest rates could damage the country's housing market and raise unemployment was given yesterday by Mr. Robert McKinney, chairman of the Federal Home Loan Bank system.

His remarks—in evidence to the House Banking Committee—were primarily directed at the Federal Reserve Board. The Fed would by all accounts have come in for even stronger criticism from Mrs. Patricia Harris, Secretary for Housing and Urban Development, but she cancelled her appearance because of a disagreement with the White House over the text of her testimony.

Mrs. Harris is known to be strongly critical of the latest rate rises inspired by the Fed this year, and her failure to win White House clearance for her remarks indicates that President Carter may wish to avoid any overt sign of political pressure on the Fed.

The Fed's chairman, Mr. G. William Miller, is known to be reluctant to risk depressing an already slowing economy purely in the interests of monetary management.

His recent optimistic statements on the subject have raised some controversy among economists and any impression that the Fed is heading to political pressure on its interest rate policy could damage the chairman's position.

As chairman of an independent agency, Mr. McKinney needed no White House clearance for his testimony yesterday when he forecast that home mortgage rates, currently around 9.75 per cent, would not rise much higher, assuming "reasonable policies" by the Fed.

He assumed that the Fed funds rate, the economy's key short term interest rate on funds which banks lend each other, would rise by up to 8 per cent by the end of the year from its current level of 7 1/2 per cent. On this projection he forecast that the system's mortgage advances will have doubled from mid-1977 by the end of the year to more than \$20bn.

## U.S. COMPANY NEWS

National Airlines charge against Texas International; Modest gain at Tennessee; Disappointing Boeing results—Page 16.

## THE RUMPUS AT FORD MOTOR

## Shareholder dissatisfaction grows

By JOHN WYLES

NEW YORK, August 8.

MR. Alejandro de Tomaso, an Argentinian industrialist, is preparing to join a \$50m shareholders' suit to accuse Mr. Henry Ford II, the chairman, and 19 other officers of the Ford Motor Company, of misusing company funds.

Mr. de Tomaso, whose company manufactures motor-cycles and cars, is upset at the expulsion from the Ford presidency last month of Mr. Lee Iacocca. Mr. de Tomaso said in New York yesterday that he would try to spearhead a shareholders' movement to force Mr. Ford's resignation. He would also try to amend the dissident shareholders' suit to include the charge that Mr. Ford dismissed Mr. Iacocca for frivolous reasons.

Mr. de Tomaso returned to Italy this morning and it is too early to assess how much impact he is likely to have on the court challenge to Mr. Ford, and the dissatisfaction among some Ford dealers and shareholders over the sacking of Mr. Iacocca.

If Mr. de Tomaso is successful in joining the shareholders' suit, he may give it greater credibility, given the fact that the shareholders so far involved own fewer than 100 Ford shares.

Mr. de Tomaso has 11,535 Ford shares, and he once had a direct relationship with the company through a minority holding in a car design and manufacturing company, most of which was owned by Ford.

Mr. de Tomaso resigned as president of this company and sold his stake to Ford.

Iacocca is an asset and you can't get rid of an asset without damaging the company," he said yesterday. He had read that Mr. Ford did not like Mr. Iacocca and had decided to fire him. "I thought, my God, what's going on?" Mr. de Tomaso said. "This guy Henry



Mr. Lee Iacocca



Mr. Henry Ford II

lawyers with the firm Saxe, Bacon and Bolan with which Mr. Roy Cohn, the plaintiffs' attorney, is also associated. Mr. Cohn came to public prominence in the 1950s as an aide to Senator Joseph McCarthy.

The suit alleges that Mr. Ford improperly accepted \$750,000 from a supplier, misused company funds to maintain apartments for his personal use, and engaged in other improprieties, about which other directors knew or should have known and failed to prevent. Mr. Ford is also accused of authorising an improper payment of \$1m to secure a contract from the Indonesian Government. This allegation is being investigated by the Department of Justice.

Meanwhile, the Ford Dealer Alliance, representing 1,200 of the 6,500 Ford dealers in the U.S., is refusing to allow the Iacocca controversy to die down. The former president was popular among the dealers, who regarded him as their principal contact and voice at the top level within the company.

Mr. Ed Mullane, president of the alliance, is surveying all dealers to try to establish the size of their aggregate shareholding in the company. Mr. Mullane, who has been fighting to have the Iacocca decision reversed, has complained that "a worker on the line has more than 6,500 dealers with \$10bn of investment."

## U.S. energy policy record attacked by OPEC chief

By DAVID LASCELLES

NEW YORK, August 8.

THE SECRETARY-General of the Organisation of Petroleum Exporting Countries (OPEC) Mr. Ali Mohammed Jaidah, today accused the U.S. of dragging its feet over energy policy, and said that his organisation was viewing the weakness of the dollar with growing concern.

In an address to the annual meeting here of the American Bar Association, Mr. Jaidah expressed dissatisfaction with all major aspects of U.S. energy policy, and blamed it on the country's "psychological inability" to confront its energy problems.

He said that although U.S. energy consumption was triple the West European level, he saw little attempt to curb it in industry, which was the largest single consumer with some 37 per cent of the total. Contrary to what many people thought,

OPEC "welcomed measures to conserve energy," he said.

Mr. Jaidah also said the U.S. should do more to develop alternative sources of energy, notably coal of which he believed the country could be an exporter. He also urged development of nuclear power, though he acknowledged there were problems of technology and safety.

The thrust of Mr. Jaidah's attack was aimed at the only two areas where he saw change. U.S. attempts to reduce dependence on oil, he said, had been translated into an effort to develop non-OPEC sources of oil, like the Alaskan North Slope and the North Sea. "This feverish development is designed to offload as much non-OPEC oil on to the market as possible," he said. The exploitation effort should be more evenly distributed to avoid distorting the market and creating a glut.

## Military group topples president in Honduras

TEGUCIGALPA, August 8.

GENERAL Juan Alberto Melgar, refused to reveal his personal wealth to a commission investigating a bribery scandal.

The Superior Council, ruling body of the armed forces, said that the men in the new junta, besides General Paz, were Col. Amilcar Celaya, the security forces chief, and Col. Domingo Alvarez Cruz.

His predecessor, Gen. Lopez, had been the strong man of Honduras politics for 12 years. He was brought down during an inquiry into an admission by the giant U.S. food company, United Brands, that it had paid a \$125m bribe to an unnamed, senior Honduran official.

United Brands said it paid the money in 1974 to win tax concessions on banana exports from Honduras. Bananas are the republic's main export.

Gen. Melgar was brought to power by a group of colonels in April, 1978. He displaced Gen. Oswaldo Lopez Arellano, who had

# We've put the least possible energy into controlling costs.

A large proportion of the cost of building materials is the coal, oil, gas or electricity used to make them. Therefore, if we wanted to keep costs under control, when fuel prices were soaring, the obvious thing to do was use less energy to produce the same amount of goods.

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Building Materials Industry is a good example of private enterprise working for Britain.

Last year, we also exported £1,000 million worth of products.

For many years, we have enjoyed excellent industrial relations.

## The Building Materials Industry

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## OVERSEAS NEWS

## China and Vietnam clash at refugee negotiations

NEGOTIATORS FROM China and Vietnam took a tough line in Hanoi today when they opened talks aimed at settling their dispute over the position of ethnic Chinese in Vietnam.

The Vietnam News Agency, monitored in Hong Kong, reported a sharp exchange of views when the Ministers met the press. It said the Chinese chief delegate, Mr. Chung Hsi-tung, Vice-Foreign Minister, accused Vietnam of ostracising, persecuting and expelling Chinese residents.

Mr. Hoang Bich Son, Vietnamese Vice-Foreign Minister, answered: "What must be stopped is the enticement and forcing of Hoa (Chinese) people to leave for China and not the expulsion of Hoa people, which the Vietnamese side has never done." The agency said the two Ministers were speaking to reporters after the first round of talks.

More than 160,000 ethnic Chinese have crossed into China from Vietnam since early this year and Peking has accused Hanoi of expelling them. Vietnam has denied this and said that they were being persuaded to leave Vietnam by subversive elements encouraged by Peking.

The two Ministers expressed the hope that the talks would be successful. Mr. Chung said Vietnam would spare no effort to contribute positively to the results of the negotiations.

"The Vietnamese side has always preserved the friendship between the Chinese and Vietnamese peoples," he said. "The Vietnamese people have always been loyal to the Chinese people and the Chinese revolution," he said.

If the Chinese side wished for good results from the negotiations, it would join the

the relations between the two countries and harming their friendship.

He said together to settle differences was very important, but even more important was sincerity and goodwill on both sides, Mr. Hoang said.

In Peking, an official spokesman reported the opening of the talks without details. According to the Vietnam News Agency, 50 Vietnamese and foreign reporters were allowed into the hall for the first few minutes of the meeting. The actual talks were held behind closed doors.

Reuter

HONG KONG, August 8.

BY ROBERT WOOD

TOKYO, August 8.

Japan offers compromise

MR. SUNAO SONODA, Japan's Foreign Minister, flew to Peking today to seek a breakthrough in negotiations for a peace and friendship treaty between Japan and China.

Asahi Shimbun, one of Japan's leading newspapers, reported that the Foreign Ministry had prepared a new version of the third-nation clause, a provision sought by Japan that China is reluctant to accept. Japan's original wording: "This treaty is not directed at a specific third country," was said to have been changed to: "The conclusion of this treaty by Japan and China and maintenance of peace and friendly relations will not damage diplomatic relations with any other country."

Japan has demanded the inclusion of such a clause as a condition for signing the treaty with an anti-hegemony clause that the Chinese are demanding. The anti-hegemony clause would declare that both countries oppose attempts by any outsider to seek hegemony in the region. The outsider the Chinese have

in mind is clearly the Soviet Union, but the Japanese want the treaty phrased in such a way that they can declare it is not anti-Soviet. The Chinese have opposed previous Japanese proposals for a third-nation clause as illogical.

The new Japanese proposal, as reported, is similar to a Chinese proposal given to Japanese reporters on Saturday. Previously, the Chinese had objected to the phrase, "specific third country" in Japanese drafts of the third-nation clause. They preferred to leave the term "third country" unmodified.

Since Oriental languages do not use articles or plural forms of nouns, it would be possible to read the clause as saying that the treaty was not directed at a third country. The Japanese are apparently attempting to compromise between their own desire to say the treaty is not directed at a specific third country and the Chinese desire for vagueness by saying simply that the treaty will damage relations with any other country.

He said that Nigeria's pricing policy which led to the fall in exports between October 1977 and February 1978 had been governed by the spot sales on the international oil markets. He said oil company executives warned him in the autumn of 1977 about the danger of maintaining the high price of Nigerian crude.

"But it's so difficult when you can see from the spot market that they still have some edge on what you are selling them," he said.

He agreed that Nigeria had misread the world market when it was fighting for a shrinking market in light of low sulphur crude against North African suppliers and against increasing production from the North Sea.

The business which Nigeria lost was in the main the third party customers who were either small companies which could not afford to have their margins squeezed or large companies which took only a small part of their supplies from Nigeria. Their annual contracts came up for renewal in the autumn and many of them did not renew.

Oil production reached its lowest point in January and February when it was 1,450 barrels per day (b/d) compared with 2,000 b/d at the same time last year. Since April reductions of between 10 and 17 cents per barrel have been in force, but the price of oil has risen to 1.85m b/d and may reach 2.0m b/d by the end of the year.

Nonetheless, Nigeria's income from oil will probably decline to Naira 5.2bn, which is a drop of 18.7 per cent. Combined with the effect of inflation and the falling value of the U.S. dollar that could mean a fall in the country's real income from oil of around 40 per cent.

Colonel Buhari agreed that the market would be reluctant to take up the offer of long-term pricing until the future price trend became clearer. Any agreement would also have to be within the rules of OPEC.

"We are trying to see if we can get long-term contracts which we were not interested in before. We know that it is a buyers' market and they are being cautious. They don't want to commit themselves to buying if the prices are going to go down further," he said.

The Federal Military Government was reluctantly considering more barter deals, he said, in order to fulfil some of the commitments of the National Development Plan. Ministries have been asked to submit lists of projects which they believe could appropriately be paid for in oil.

"We are reluctantly going to give oil because we lack the foreign currency to pay for the materials we need. If these countries are prepared to accept it we will try to do it. We are very mindful of our market. As long as it is new ground we have no objection. What we would not like to do is barter where we would be in competition with our own operating companies in our own market. If we thought it would affect our own market we would not go ahead," said the Colonel.

Colonel Buhari has only just taken up his new position as chairman of the NNPC after being Commissioner for Petroleum for the past two and a quarter years. During that time he has been the man most intimately concerned with forming Nigeria's oil policy. He left the commissioner's post at the end of July as part of moves to reduce the military's role in government before civilians take over in October 1979.

Col. Buhari was also responsible for improved incentives to oil companies for exploration and there has been a significant upturn in the level of exploration now being carried out. "I think it reflects the confidence they have in our country," he said.

As far as future pricing is concerned, he says, this government is not planning any changes. "I don't believe there will be any change in any of the policies we have been able to articulate as far as the oil industry is concerned. I don't believe there will be any change because the government is well informed about what is going on," he said. "Without an economic miracle in the OECD countries we have to be very careful in handling the industry for continuity and for winning their confidence."

There is considerable tension along the border area as a result of clashes between Rhodesian forces and guerrillas of Mr. Joshua Nkomo's Zimbabwe African Peoples Union (ZAPU).

The first note was delivered shortly after Zambian forces shot down a light aircraft flying near the border, killing the pilot and the three passengers, all British. A government statement said the aircraft was in a restricted area for which it had not received clearance.

The sources say the note will refer to the shooting as well as several incidents in which British subjects have allegedly been killed by members of the Zambian National Defence

Force. They are seriously ill in a Lusaka hospital. The soldier has been arrested and the Zambian army has expressed its regrets. No news of the incident, however, has so far been carried in the Zambian Press or on radio and television.

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## NIGERIAN OIL Sensitive pricing to overcome past errors

BY MARK WEBSTER

LAGOS, August 8.

NIGERIA is prepared to offer longer-term pricing agreements on oil sales to improve relations with its customers and obtain a steady income, Colonel Muhammad Buhari, chairman of the Nigerian National Oil Corporation (NNPC), said here.

Nigeria is also considering making barter deals exchanging oil for goods in order to conserve foreign exchange. But the country would not make deals which would affect Nigeria's own oil market, he said in an interview with the Financial Times.

Col. Buhari said that Nigeria had learnt its lesson from the dramatic fall in its oil exports in January and February this year and future oil pricing policy would be much more sensitive.

"We have made mistakes, we would not deny that. But we have learned a great deal. A long term agreement is better for both sides than taking advantage of short term changes," he said.

He said that Nigeria's pricing policy which led to the fall in exports between October 1977 and February 1978 had been governed by the spot sales on the international oil markets. He said oil company executives warned him in the autumn of 1977 about the danger of maintaining the high price of Nigerian crude.

"But it's so difficult when you can see from the spot market that they still have some edge on what you are selling them," he said.

He agreed that Nigeria had misread the world market when it was fighting for a shrinking market in light of low sulphur crude against North African suppliers and against increasing production from the North Sea.

The business which Nigeria lost was in the main the third party customers who were either small companies which could not afford to have their margins squeezed or large companies which took only a small part of their supplies from Nigeria. Their annual contracts came up for renewal in the autumn and many of them did not renew.

Oil production reached its lowest point in January and February when it was 1,450 barrels per day (b/d) compared with 2,000 b/d at the same time last year. Since April reductions of between 10 and 17 cents per barrel have been in force, but the price of oil has risen to 1.85m b/d and may reach 2.0m b/d by the end of the year.

Nonetheless, Nigeria's income from oil will probably decline to Naira 5.2bn, which is a drop of 18.7 per cent. Combined with the effect of inflation and the falling value of the U.S. dollar that could mean a fall in the country's real income from oil of around 40 per cent.

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## WORLD TRADE NEWS

## Japan to revive subsidy scheme for shipbuilding

BY OUR OWN CORRESPONDENT

TOKYO, August 8.

JAPAN'S Ministry of Transport is to revive its controversial scheme for subsidising shipowners which was dropped at the end of the 1974-75 financial year. Under the scheme payment of interest on funds raised for building new vessels under Government-sponsored shipbuilding programmes is covered by the Government.

The scheme, which was first adopted in 1947, was dropped four years ago when it was felt that Japan's shipping lines had become financially strong enough to do without the interest rate subsidy.

But the Government now considers it necessary to reintroduce the scheme to help the shipbuilding industry get over its present slump. Other rescue measures already announced are considered to be insufficient to help the industry through the crisis.

The Ministry plans to introduce the necessary financial measures in the supplementary budget for fiscal 1978. It would like to apply the subsidies retroactively for those ships constructed in fiscal 1978.

The Government will extend long-term low-interest loans through the Japan Development Bank and other city banks to vessels through their foreign subsidiaries or affiliated foreign shipping companies so as to use Japanese crewmen who are less expensive than Japanese crews. They then charter back these vessels under foreign flags. The Ministry of Finance, then has to set up favourable interest subsidies so that the cost difference between Japanese and Japanese crewmen is cancelled out. This would then stimulate construction demand for Japanese owned vessels.

The re-introduction of Government subsidy payment schemes is intended for Japanese-owned vessels. However, Japanese shipping companies tend to order

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The re-introduction of Government subsidy payment



## HOME NEWS

## Offshore oil block licences confirmed

BY RAY DAFTER, ENERGY CORRESPONDENT

THE GOVERNMENT has confirmed the award of three more offshore oil blocks under the fifth round of licences—some three years after they were first promised.

The blocks, two in the South Western Approaches and one in the North Sea, were allocated conditionally in October, 1976, a year after the Government had announced that it was issuing new licences to boost exploration.

However, as with other fifth round blocks, their formal allocation has been delayed while companies and the state-owned British National Oil Corporation have argued about the new package of conditions introduced with the licences. For instance, BNOOC has a 51 per cent stake in virtually all of the 44 blocks awarded in the fifth round.

Those announced yesterday are: blocks 86/13 and 87/12, off the south coast of Cornwall, to BNOOC, BP Petroleum Development, Total Oil Marine, Elf Oil Exploration and Production, Aquitaine Oil, and Elf Petroleum.

The allocations still leave one licence, relating to four blocks, to be confirmed. These blocks have been conditionally awarded to a BNOOC/BP group in quadrilateral blocks under ranges 132 and 133, to the west of Scotland.

The Government originally hoped that the fifth round licences would give a fillip to North Sea exploration work last year but the approval of the conditions has taken far longer to coincide than Whitehall or the oil industry had expected.

However, the offshore industry was kept busy last year by companies completing their drilling programmes under the fourth round of licences. As a result, 87 exploration wells were sunk last year, compared with 68 in 1976.

The delay in awarding the licences has slowed exploration work so far this year. In the first six months, only 19 exploration wells were begun.

Drilling rig activity has slumped and there are now 17 units operating in the UK sector of the North Sea—only five on exploration—work compared with an average of 25 to 30 units in operation at this time last year.

Most of the present North Sea rigs are appraising previous discoveries or developing commercial fields.

The drop in drilling activity has led the oil industry to question whether the Government's next round of offshore licences will be big enough.

The Energy Department yesterday formally invited companies to apply for the 46 blocks offered in the sixth round.

Mr. Anthony Wedgwood Benn, Energy Secretary, has indicated that he hopes these blocks will be awarded to companies some time next year at the latest.

On the Norwegian side of the North Sea median line, an offshore consortium is evaluating what could be a major oil discovery.

A group led by the state-owned Statoil Corporation has struck oil in block 34/10, close to Anglo-Norwegian Statoil and Murchison fields, in what is regarded as the "Golden Block" of the Norwegian offshore sector.

Statoil holds 85 per cent of the concession, Norsk Hydro has a nine per cent stake and Saga Petroleum holds the remaining six per cent.

As reported in the Financial Times earlier this month, Statoil is not yet being drawn into speculation about the reserves in the block.

However, unofficial oil industry reports have suggested that the block could contain as much as 500 barrels. Technical aid to Statoil is being provided by Esso Exploration.

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## Holiday brochures 'misleading on diseases'

BY DAVID CHURCHILL

INFORMATION given in holiday brochures issued by most tour operators is "inadequate or misleading" about exposure to tropical diseases, claims a leading physician in an article published today.

The result is that many travellers to the tropics, including much of the cruise industry, are more likely to die or have a serious illness contracted while abroad.

Professor Alan Woodruff, of

the London School of Hygiene and Tropical Medicine, says in the journal of the Royal College of Physicians, that tour operators' brochures do not give a warning that medical measures should be taken and can readily be taken against malaria, trypanosomiasis and other diseases prevalent in the areas to which they will take passengers.

He says that doctors anywhere in Britain should consider tropical disease as a

possibility when confronted by a patient. "Some of these patients will be suffering from a disease that could be transmitted to others and so present a community hazard."

"Others will have diseases that, though not transmissible to others in Britain, are dangerous to themselves."

Among diseases capable of being transmitted within Britain and which appeared to be increasing among air travellers were infectious

hepatitis, tuberculosis and salmonella infections, including typhoid fever.

Smallpox, although almost eradicated, lingered on in the Horn of Africa. Other virus infections, such as Lassa Fever, "must also be guarded against."

Professor Woodruff points out that the vast increase in international air travel has put the UK at risk of exposure to such diseases. "The figures for London Airport indicate

that one in 13-18 people in this country have been exposed in the recent past to disease in tropical or sub-tropical regions."

But he believes that "the hazards of airline imported disease" can be overcome if doctors are aware that they may be the cause of an illness.

"It is almost always possible to reach a diagnosis fairly readily, to carry out effective management of the patient, and to protect the community."

## Mrs. Williams faces fight over schools

BY JAMES McDONALD

THE Conservative-controlled Kent County Council—already at odds with Mrs. Shirley Williams, the Education Secretary, over its plan to introduce a voucher scheme under which parents may cash "into a school of their choice"—is preparing to fight the Government over plans for comprehensive education.

Mrs. Williams has told the council that its proposals for the reorganisation of secondary schools are unsatisfactory and has ordered it to put forward a fresh scheme within three months.

But Mr. John Grugson, the council leader, said yesterday: "We shall be taking legal advice."

What is unsatisfactory to Mrs. Williams is certainly satisfactory to the people of Kent.

The council's plans, submitted last year, are for eight comprehensive schools in Dartford by 1989 at a cost of nearly £1m.

Mrs. Williams has told the council that this would provide more school places than are needed and would be too expensive. She has recommended a different reorganisation plan which would involve the closure of the West Boys School and the linking of schools on adjacent sites to provide three comprehensive schools.

The voucher scheme also is not popular with the National Union of Teachers.

## £30,000 survey of career patterns for engineers

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

SIR MONTY FINNISTON'S committee of inquiry into the engineering profession is to spend up to £30,000 on a survey of professional engineers' career patterns.

The committee has found that a lot of data is available about engineers up to the time they leave full-time education but little information about what happens to them later.

Questionnaires will be sent to 6,000 members of the various institutions and to 3,350 people who enrolled in engineering first-degree courses which ended in 1973 and 1976. About 600 engineers who have left the profession will be asked for their views and the survey might

later include 1,300 people who work as engineers but are not called engineers.

Questions will cover qualifications, jobs done, salaries, job progression and so on.

The committee's report is due by next Easter but it will have to work hard to meet this target.

Apart from doing the questionnaire, the committee is to visit France, Germany and Sweden in the autumn. It has already spent short spells in the US, Canada and Japan.

It is only about half way through discussions with 50 or 60 organisations employing engineers.

The latest submission to the committee has come from the

Equal Opportunities Commission, which says that the U.K. has a lower proportion of women in engineering than any other developed nation—0.2 per cent of qualified engineers in Britain against 3 per cent in France, 10 per cent in Scandinavia and 30 per cent in the USSR.

The EOC says that the three biggest stumbling blocks to women in engineering appear to be: traditional attitudes of men and women that engineering is not a profession for a woman; channelling of girls into arts subjects at school, which means that fewer women having the necessary educational qualifications for science and engineering courses; and the over-rigid structure of entry to the profession.

## Protest on pollution threat to rivers

By Lynton McLain, Industrial Staff

BRITAIN'S ANGLERS have protested to the National Water Council that proposals for the future quality of river water may lead to a lowering of pollution standards.

The proposals on river quality were published by the council in April in its "Review of discharge conditions." This gave a method of defining river quality objectives and monitoring discharges.

But at a meeting with the council, the National Anglers' Council said the proposals could lead to some rivers requiring a less stringent standard of pollution.

The anglers also said that a time-scale should be attached to the implementation of the river quality objectives, and that no river should be allowed to become classified as polluted through a low quality objective.

The anglers' council said that the previous system of setting higher targets than would actually be achieved by sewage works and other sources of pollution, gave an opportunity for standards to be improved.

The water council said that the review of discharge conditions would not result in any fall in river quality. The new approach was intended to get the best environmental value for money. Within two years the council and water authorities would publish quality objectives for all rivers in England and Wales, with the consent conditions for discharge and the results actually achieved.

But Mr. John Grugson, the council leader, said yesterday: "We shall be taking legal advice."

question whether the Government's next round of offshore licences will be big enough.

The Energy Department yesterday formally invited companies to apply for the 46 blocks offered in the sixth round.

Mr. Anthony Wedgwood Benn, Energy Secretary, has indicated that he hopes these blocks will be awarded to companies some time next year at the latest.

On the Norwegian side of the North Sea median line, an offshore consortium is evaluating what could be a major oil discovery.

A group led by the state-owned Statoil Corporation has struck oil in block 34/10, close to Anglo-Norwegian Statoil and Murchison fields, in what is regarded as the "Golden Block" of the Norwegian offshore sector.

Statoil holds 85 per cent of the concession, Norsk Hydro has a nine per cent stake and Saga Petroleum holds the remaining six per cent.

As reported in the Financial Times earlier this month, Statoil is not yet being drawn into speculation about the reserves in the block.

However, unofficial oil industry reports have suggested that the block could contain as much as 500 barrels. Technical aid to Statoil is being provided by Esso Exploration.

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First Chicago Corporation and Subsidiaries  
The First National Bank of Chicago

## Consolidated Statement of Condition

	June 30 1978	June 30 1977
(In Thousands)		
<b>Assets</b>		
Cash and due from banks—non-interest bearing	\$ 1,494,866	\$ 1,555,198
Due from banks—interest bearing	2,940,738	2,996,324
<b>Securities</b>		
United States Government and Federal Agency	1,505,481	1,330,981
States and political subdivisions	797,502	1,121,604
Other	301,473	240,446
Trading account	282,809	165,124
Federal funds sold	227,600	132,400
Securities purchased under agreements to resell	357,218	241,457
<b>Total gross loans</b>	<b>\$13,170,400</b>	<b>\$12,115,562</b>
Less Unearned discount	28,973	24,627
Allowance for possible loan losses	120,292	124,236
<b>Loans, net</b>	<b>\$13,020,135</b>	<b>\$11,966,699</b>
Lease financing, net	412,930	361,690
Premises and equipment	234,828	227,081
Accrued income receivable	225,194	200,552
Customers' acceptance liability	635,709	585,839
Other real estate	134,470	94,063
Other assets	113,094	88,833
<b>Total assets</b>	<b>\$22,674,147</b>	<b>\$21,308,391</b>
<b>Liabilities</b>		
Deposits—domestic		
Demand deposits	\$ 2,784,930	\$ 2,631,020
Time deposits		
Savings passbook	\$ 975,879	\$ 1,073,285
Other savings-type	1,184,094	1,211,195
Other time	4,668,039	3,776,705
<b>Total time deposits</b>	<b>\$ 6,828,012</b>	<b>\$ 6,061,185</b>
<b>Total deposits—domestic</b>	<b>\$ 9,612,942</b>	<b>\$ 8,692,205</b>
Deposits—overseas branches and subsidiaries	7,083,307	6,805,318
<b>Total deposits</b>	<b>\$16,696,249</b>	<b>\$15,497,523</b>
Federal funds purchased	1,983,710	2,142,494
Securities sold under agreements to repurchase	291,137	283,232
Funds borrowed	1,087,661	908,203
Notes payable	373,826	373,485
Acceptances outstanding	635,860	587,475
Other liabilities	549,830	523,416
<b>Total liabilities</b>	<b>\$21,598,273</b>	<b>\$20,315,808</b>
<b>Capital Accounts</b>		
Preferred stock—without par value, authorized 5,000,000 shares, none issued	\$ —	\$ —
Common stock—\$5 par value	200,768	200,768
<b>No. of shares authorized</b>	<b>54,000,000</b>	<b>54,000,000</b>
<b>No. of shares issued</b>	<b>40,153,640</b>	<b>40,153,640</b>
<b>No. of shares outstanding</b>	<b>39,619,423</b>	<b>39,619,923</b>
<b>Surplus</b>	<b>548,485</b>	<b>480,169</b>
<b>Undivided profits</b>	<b>334,903</b>	<b>319,936</b>
<b>Total</b>	<b>\$ 1,084,156</b>	<b>\$ 1,000,873</b>
<b>Less Treasury stock at cost, 534,217 shares in 1978 and 534,717 shares in 1977</b>	<b>8,282</b>	<b>8,290</b>
<b>Total capital</b>	<b>\$ 1,075,874</b>	<b>\$ 992,583</b>
<b>Total liabilities and capital</b>	<b>\$22,674,147</b>	<b>\$21,308,391</b>

A copy of the second quarter report, which contains more complete financial information, may be obtained by writing the Press and Public Relations Division, First Chicago Corporation, Two First National Plaza, Chicago, Illinois 60670.

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## GEC-Fairchild plan for micro-chip link

BY JOHN LLOYD

GENERAL ELECTRIC and Fairchild, the U.S. electronics company, have agreed in most important respects to set up a jointly-owned micro-electronics company in the UK for the volume manufacture of metal oxide silicon-chips for computer memories and micro-computers.

An interim statement on the progress of the talks between the two companies is expected today or tomorrow.

The GEC-Fairchild joint venture would produce similar chips to those planned for production by INMOS, the company backed by the National Enterprise Board, which is being set up in the U.S.

However, Mr. Eric Varley, the industry Secretary, said last month that any future private sector production of chips for the volume market would complement the INMOS plan, rather than compete with it.

He conceded that there would initially be some competition between the companies for experienced engineers and executives.

It is assumed that many would have to be "imported"

from the U.S., or that—as with the NEBS plan—the initial research and development would be done in the U.S. with production in the UK where labour costs are lower.

Besides GEC-Fairchild two other companies, Plessey and IIT, are likely to expand their production of chips in the UK, and both may enter the volume market. IIT is well advanced on work on the 64K RAM (random access memory) chip in the U.S., and is likely to go into production within a year.

The 64K RAM is the chip being developed by INMOS.

The link between GEC and Fairchild is seen as making sense to both companies, because of their differing requirements.

GEC has recently been convinced of the need to enter the advanced micro-electronics market, after some hesitation, but lacks a broad base of technical expertise.

Fairchild has had to sustain heavy losses from ventures into consumer electronics, but has made modest profits recently. It would benefit from GEC's strong financial base.

## Ruling on containers

THE HEALTH and Safety Executive has given permission to Lloyd's Register Industrial Services to approve containers for compliance with the International Convention for Safe Containers.

Lloyd's Register had previously granted container owners and users safety in handling approval certification. This was based on the requirements of the International Standards Organisation.

Customs approval certification has also been provided on behalf of the British and other Govern-

## Building society merger

CHESTER Building Society, one of the "big three" in the North West of England, has completed its second merger in six months. The 1,000 members of the Stockport Building Society, who own assets worth approximately £1m, joined the Chester on August 1.

Baron having in the course of his duties discovered, as he thought, and he may have been right, that British Leyland had made some improper payments in order to obtain contracts overseas, then took dishonest advantage of the discovery by forging letters and selling them together with some of his employers' confidential documents to the Daily Mail for £15,000.

"If Mr. Barton forged either or both of these letters, the fact that there may have been certain corrupt payments made by British Leyland cannot make him not guilty of forgery."

The judge directed the jury that in relation to whether or not Mr. Barton was guilty of forgery, the question of possible corrupt payments by British Leyland was completely irrelevant.

They were bound to follow such a legal direction, he added.

## Jury warned: 'This is not Ryder or Leyland on trial'

THE JURY in the "Ryder letter" case at the Old Bailey were told by the judge yesterday that they were not trying limited "sense, which in due British Leyland or Lord Ryder, former chairman of the National Enterprise Board.

Judge Alan King-Hamilton, beginning his summing-up, said five-and-a-half days had been lost due to misfortunes of one sort or another and a further five days had been spent on cross-examination of Lord Ryder, Mr. Alex Park, Leyland's former chief executive, and other prosecution witnesses.

"Anyone coming into this court for the first time during any of those five days could well be forgiven for thinking that it was British Leyland who were on trial or the National Enterprise Board or maybe the investigating committee or perhaps Lord Ryder himself."

"Whereas the truth is, as you know and I know, that this trial is not about those matters at all, except indirectly and in a very limited sense, which in due course I will explain."

On trial are Graham Barton, 34, a former Leyland financial executive, and his wife Fatima, 32, both of Lyncecroft Gardens, Hounslow, Middlesex.

Between them, they deny a total of five charges arising from the alleged forging of copies of two letters to British Leyland, one purporting to be from Lord Ryder and the other from the Bank of England, and the use of the alleged forgeries dishonestly to obtain £15,000 from the Daily Mail.

Mr. Barton is not charged in relation to the alleged forging of the Bank of England document.

The judge said: "What this trial is about is this: whether Mr. Barton having in the course of his duties discovered, as he thought, and he may have been right, that British Leyland had made some improper payments in order to obtain contracts overseas, then took dishonest advantage of the discovery by forging letters and selling them together with some of his employers' confidential documents to the Daily Mail for £15,000.



## HOME NEWS

## Tougher law soon for road tankers

BY RAY DAFTER

THE GOVERNMENT plans to introduce tough new regulations controlling the structure and maintenance of oil and chemical road tankers.

Mr. William Rodgers, Transport Secretary, said he was determined that the regulations should be enforced no later than next summer.

Proposals for the regulations are to be published in a consultation document now being prepared by the Health and Safety Executive.

Meanwhile, the Government has plans well advanced for the mandatory labelling of all oil and chemical road tankers.

At the moment, tanker operators and owners are asked to comply with the voluntary Hazchem labelling code, prepared largely by the Chemical Industries Association.

The Hazchem code would become the basis of the new mandatory regulations which were nearing completion by the Health and Safety Executive.

Mr. Rodgers said he hoped to have these recommendations on tanker labelling by the end of August.

Mandatory regulations would be enforced for all tanker operators by the end of September, when they would become known as the Hazard Load Marking regulations, based on the Hazchem code of letters and numbers, indicating groups of chemicals, as well as warning signs.

The more comprehensive regulations on oil and chemical tanker structures and maintenance would be ready by the end of this year.

That would give interested parties in the chemical and oil industries only about 10 weeks to prepare their comments after publication of the Health and Safety Executive consultative document.

The suggested measures to govern tanker structure and maintenance would be in the form of general criteria rather than specific requirements.

The measures would include mandatory requirements on driver training and instruction, particularly for loading and unloading hazardous cargoes.

Factory inspectors, who already visit chemical and oil plants, would make spot-checks on tanker drivers as they loaded and unloaded cargoes.

Action could be taken to stop loads leaving if the inspectors believed the new regulations were not being adhered to.

## Low demand forces new plastics plan

BY KEVIN DONE, CHEMICALS CORRESPONDENT

THE LACK of significant growth in the plastics industry has forced the Government to re-evaluate its strategy for expanding this important sector of the petrochemicals industry.

The Department of Industry has completed its review of the McKinsey report, which set out to identify strategy options for the U.K. plastics materials industry.

In its response to the petrochemicals sector working party, which commissioned the report, the Department says that the prospects for plastics demand growth have perhaps never been more uncertain.

The working party, which includes representatives of the major chemical companies, the chemical industry trade unions and the Department, was set up as part of the Government's industrial strategy exercise.

The strategy report by McKinsey, the management consultants, has never been published. But it specified three strategic options for the expansion of the U.K. plastics materials industry, if it was to achieve a balance of trade by 1990 with other EEC countries.

The Department of Industry says that the uncertainty over growth was not reflected in the range of forecasts in the McKinsey report.

It does not accept McKinsey's calculation of the extra plant investment necessary to achieve an immediate balance of trade.

But if the forecasts prove accurate it means that ethylene plants in the UK will still be working at only 80 per cent of capacity by 1985.

The sector working party expects ethylene demand of 1.18m tonnes last year to grow to some 2m tonnes by 1985. But if Esso Chemical goes ahead with its proposed £250m ethylene plant at Mossburn, Fife, effective capacity in the UK will have grown by then to 2.5m tonnes.

The bursting North Sea bubble, Page 6

## Welsh campaign freedom sought for civil servants

BY ROBIN REEVES

THE WELSH TUC is pressing the Government to allow senior civil servants to take part in the Welsh devolution referendum campaign.

In a letter to Mr. Michael Foot, Minister responsible for devolution, Mr. George Wright, the Wales TUC secretary, has asked the Government to lift the restrictions on political activities which normally apply to civil servants, particularly at senior levels.

Mr. Wright said an exception should be made for the devolution referendum in view of its constitutional importance.

It was an issue on which all people should be allowed total freedom to participate and campaign one way or the other, he declared.

It is generally assumed in Wales that the referendum will not take place until next spring—after an autumn General Election.

But a decision by Mr. Callaghan to try to soldier on could bring the referendum in early November. This would be six weeks after the Order, required by the Wales and Scotland Acts, had been laid before Parliament.

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## Dockland rescue plan attacked

By Our Shipping Correspondent

STRONG opposition to the Government's formula for saving the Port of London came yesterday from a dockland group representing trade unions and community associations in Newham, East London.

The Newham Docklands Forum, whose chairman, Mr. Teddy Gates, is a leading shop steward at the Royal Dock, the closure of which was rejected by the Government—said the Government's plan would result in the port bleeding to death.

The £15m the Government has agreed to put into the docks should be used for investment in new plant rather than the financing of redundancy payments, it said.

The Government's plan will, said the forum, cause many redundancies as if the Port of London Authority had been allowed to close the Royal group of docks. This would have "the same catastrophic effect on the community as would closure."

But if the forecasts prove accurate it means that ethylene plants in the UK will still be working at only 80 per cent of capacity by 1985.

The sector working party expects ethylene demand of 1.18m tonnes last year to grow to some 2m tonnes by 1985. But if Esso Chemical goes ahead with its proposed £250m ethylene plant at Mossburn, Fife, effective capacity in the UK will have grown by then to 2.5m tonnes.

The bursting North Sea bubble, Page 6

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The bursting North Sea bubble, Page 6

CHRISTOPHER PARKES tracks down the Cumberland Sausage—true aristocrat of Britain's bangers, whose fame is spreading

## A robust speciality, wholesome and pure



Mr. John Shepherd, who has perfected the Cumberland sausage, swears: "They don't know how to make sausages in the South."

COMPARED WITH many Continental confections, England's Cumberland sausage must rank among the lowliest members of the pudding race. But lined up against the bland, risk-filled, soya-strengthened and watered-down commercial bangers of its homeland, the Cumberland sausage is a true aristocrat.

This meaty delight is commonly seen only in Cumbria, but its fame has spread nationwide and tourists heading south with freezer packs are helping carry the word.

Mr. John Shepherd, who manages Clayton's butchery in Ambleside, started making Cumberland sausage 15 years ago. He began with an inherited recipe which he changed after five years experimenting. Now he has settled on a spice and seasoning mix—secret, needless to say—which suits his customers so well that during the height of the tourist season he sells 500 lb a week.

Tourists boost his sales considerably. Trippers motoring off with 20 lb at a time are commonplace.

According to the Institute of Meat the basic recipe for Cumberland sausage is 10 parts pork to one of rusk. But the butchers of Cumbria are unimpressed by hard and fast rules laid down by committees.

In any case, "they don't know how to make sausage in the South," says Mr. Shepherd.

But there are others who believe the true sausage is now defunct. Lost for ever.

Melvyn Bragg, chronicler of Wigan in his book *Speak for England*, reported Willie Johnson, a butcher's son, "Well, I'm perfectly convinced you can't buy good Cumberland sausage today. It isn't there because the type of pig you would require to make it isn't there today."

On present-day pigs: "They haven't a pickle of fat on them and you can't make a good Cumberland sausage without fat. And that is correct."

Like all sausages, the Cumberland variety represents one of the earliest examples of a convenience food. Lakeland slate diggers, trekking through the wet to the quarries, are reputed to have found it especially fortifying.

Mrs. Brown Nixon (three knives and forks in the Michelin Guide and a sweet and sour write-up in Christopher Driver's *Good Food Guide*), who presides over the Rothery Manor Hotel, Ambleside, and rules with an iron hand over its kitchens, serves Cumberland sausage to her guests every morning.

It is fried or grilled for breakfast, and the surplus is served cold at the luncheon buffet table—provided it survives the mid-morning nibblings of Mrs. Nixon's team of women cooks.

But for all its wholesome purity, the sausage is altogether too robust for her dinner table. Rothery Manor guests titter from breakfast to the misty fells.

It is also important for the sausage not to be twisted into links. Traditionally it is sold

pendence on the steel industry. Because the steel industry's problems appear to be long-term, Wales will probably suffer considerably in order to strengthen UK regional development policy.

In a memorandum on the Welsh economy to Mr. John Morris, Secretary of State for Wales, the council states that active regional policies can be successful, but that doubt now exists as to whether regional policy incentives are sufficient for the programme of effort required to tackle Wales's economic problems.

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## Fortifying

Purists may shudder at the thought of frozen Cumberland sausage. They will almost certainly blanch at the news that Harrods imports its stock from Bodidris in North Wales. With no *appellation contrôlée* laws to protect them, the butchers of Cumberland are powerless to protest.

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## Welsh Council wants jobs subsidy to be extended

BY ROBIN REEVES IN CARDIFF

THE WELSH COUNCIL yesterday called for the Temporary Employment Subsidy, or its equivalent, to be extended indefinitely in order to strengthen UK regional development policy.

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## LABOUR NEWS

## Clyde naval bases may come to standstill today

BY PHILIP BASSETT, LABOUR STAFF

NAVAL BASES on the Clyde, which had to put to sea to relieve the dockyard workers have been blacked the Polaris submarine, HMS Resolution, over a national pay claim, could come to a standstill today if the men involved refuse to lift the blacking and the message sent carries out its threat to send them home.

Shop stewards from the bases will meet this morning to decide on a recommendation to be put to mass meetings of the 2,500 dockyard workers at the three Clyde bases at Faslane, Arbroath and Comport.

Originally, the management threatened to send the men blacking the Resolution home yesterday but after talks, a deadline of midday today was set.

Union officials believe that any decision to send home workers would lead to a mass walk-out. The submarine could then be prepared for sea only by the Government sending in the Navy, Ministers, tomorrow to discuss as it did with HMS Revenge, union hopes of greater flexibility

## Deputation

The management initiative to try and end the blacking was made after talks between union representatives of 123,000 industrial civil servants and the Civil Service Department failed to reach a solution to the dispute which is over a pay settlement due under Stage Three of the Government's incomes policy.

Mr. Peter Adams, chairman of the union side of the joint co-ordinating committee, will lead a deputation to meet Lord Peart, the Lord Privy Seal, and other senior Government ministers tomorrow to discuss the union hopes of greater flexibility

in the application of the 10 per cent policy.

In view of this, the official side has withdrawn its third 10 per cent offer which would have raised the basic pay of lowest grade workers from £32.50 to £44.60, increased craft and supervisory allowances by 50 per cent and given additional increases to the lower paid of £1-£1.50 per week.

Poor support from dockyard workers at Rosyth, where Britain's two other Polaris submarines, the Repulse and the Renown, are also blacked in the same dispute, has led union leaders to call off a mass protest march in Edinburgh on Saturday. Car maintenance workers and canteen staff employed by the Metropolitan Police held a one-day strike yesterday in support of the claim. The Civil Service Union, which represents the 2,000 staff, said further action would be taken together with other industrial civil servants, over the claim.

## Manchester Airport firemen to stage lightning strikes

By Philip Bassett, Labour Staff

Firemen at Manchester Airport will hold a series of lightning strikes over manning levels from 8 a.m. this morning following the breakdown of talks to avert the stoppages.

The airport, which handles some 3m passengers annually, will close during the strikes. This is likely to disrupt passenger services to Europe and the U.S.

The 74 firemen, members of the Transport and General Workers' Union, were pressing for a further five men on each of the four watches during the day. The claim has now been reduced to two men, though an airport spokesman said yesterday that two men per watch had been offered.

The firemen, who as well as providing emergency fire cover at the airport also deal with first aid, the loading of disabled passengers, cleaning up fuel spillages and with bird-scaring and fires in the airport buildings, have been working to rule for a week in support of their manning claim.

They have been refusing to clear spillages or to scare birds, which management feel could be potentially dangerous to pilots flying into and out of the airport.

Talks to avert the threatened lightning stoppages were held earlier this week, but no agreement has been reached. No further talks have been set up.

Thirty minutes notice will be given of the timing or duration of the strikes. If the stoppages lasted for only one hour each time, though, it would be unlikely to disrupt the scheduling of air services by missing the "slot times" for crowded European routes.

## Engineering workers ban delegations to Soviet Union

BY NICK GARNETT, LABOUR STAFF

THE AMALGAMATED UNION of Engineering Workers yesterday changed between the AUEW executive committee and the USSR.

The original proposal, put by Mr. Gavin Laird, the Scottish executive member, would have applied the ban to all Eastern bloc countries but the executive agreed to restrict it to the Soviet Union. The vote was 5-2, with Mr. Reg Birch, a Maoist, and Mr. Gerry Russell opposing.

The ban applies solely to the dominant engineering section of the AUEW. It is up to the other three sections in the union, including TASS, its Communist-led white collar section to make their own decisions on foreign visits.

The resolution said the executive committee "records its revulsion at the trials and sentences of the Soviet human rights campaigners. These citizens have been sentenced to lengthy periods in prison for simply trying to establish these things to the suppression of human rights in the countries with Right-wing and Left-wing regimes."

A motion at last year's TUC Congress which argued that trade and the continuing repression of human rights would be more credible if the Soviet Union were to support a boycott of South Africa were accompanied at this conduct by the Soviet by similar action directed against authorities has decided that no Eastern bloc countries was more delegations will be ex-

## BL toolmakers to meet

A MEETING of delegates representing toolmakers at the BL Cars' plants is being held next week to discuss the union's constitution did not allow such consultations.

Earlier Mr. Hugh Scanlon, the outgoing president, said that a delegation of toolmakers, planning agreed stages to man of their unofficial action wards partly among all toolroom committee yesterday lobbied the executive council of the Amalgamated Union of Engineering Workers but they got no further in request for official consultation with the executive on the Leyland components factory.

In protest, the signalmen have been taking 20-minute "meal breaks" during peak commuting periods. British Rail said last night that it could not forecast what problems commuters would face today.

The Bethnal Green signalmen have been taking 20-minute "meal breaks" during peak commuting periods. British Rail said last night that it could not forecast what problems commuters would face today.

North-east London and East Anglian services into Liverpool Street were affected and for 20 minutes yesterday morning no trains left or entered the station.

About 50 trains were halted between 9.05 am and 9.25 am with delays affecting later services. Normally between 9 am and 9.30 am about 30,000 commuters travel into Liverpool Street.

## Banking figures

(as table 9 in Bank of England Quarterly Bulletin)

ELIGIBLE LIABILITIES, RESERVE ASSETS, RESERVE RATIOS, AND SPECIAL DEPOSITS

1-Banks

Eligible Liabilities	July 19, 1975	Change on month
U.K. banks	£m	£m
London clearing banks	25,991	+687
Scottish clearing banks	2,851	+102
Northern Ireland banks	866	+11
Accepting houses	1,710	-102
Other	6,336	-9

Overseas banks		
American banks	3,953	-41
Japanese banks	591	-12
Other overseas banks	2,791	+45
Consortium banks	212	-27
Total eligible liabilities	45,037	+668

Reserve assets		
U.K. banks		
London clearing banks	3,317	-86
Scottish clearing banks	577	+13
Northern Ireland banks	126	+5
Accepting houses	238	-18
Other	545	-55

Overseas banks		
American banks	557	+7
Japanese banks	35	-3
Other overseas banks	473	+10
Consortium banks	43	-4
Total reserve assets	6,010	-129

Constitution of total reserve assets		
Balances with Bank of England	607	+214
Money at call:		
Discount market	2,882	-308
Other	240	-10
Tax reserve certificates	143	-
U.K. Northern Ireland Treasury Bills	800	-35
Other bills:		
Local authority	129	-1
Commercial	797	+9
British Government stocks with one year or less to final maturity	431	+1
Other	-	-
Total reserve assets	6,010	-129

Ratios %		
U.K. banks		
London clearing banks	12.9	-0.7
Scottish clearing banks	19.2	+0.3
Northern Ireland banks	14.3	-0.2
Accepting houses	15.9	-0.8
Other	13.3	-0.5

Overseas banks		
American banks	14.1	+0.3
Japanese banks	14.8	-0.3
Other overseas banks	15.5	+0.1
Consortium banks	20.2	+0.2
Combined ratio	13.3	-0.5

N.B.—Government stock holdings with more than one year but less than 18 months to final maturity amounted to	£m	£m
	370	+6

2—Finance houses		
Eligible liabilities	247	-8
Reserve assets	35.5	-1.8
Ratio (%)	10.2	-0.3

Special deposits at July 19 were £365m (up £214m) for banks and £7m (up £2m) for finance houses. \* Interest-bearing eligible liabilities were £30,173m (up £441m).

## Financial aid granted for study of ways to save Singer jobs

BY OUR GLASGOW CORRESPONDENT

THE SCOTTISH Development of the 4,900 workers this morning is to finance about two-thirds of the cost of a £75,000 feasibility study commissioned by shop stewards at Singer's Clydebank Sewing Machine Factory to find an alternative to the company's proposals for 3,000 redundancies.

The Government has asked the agency to meet all costs of the survey being carried out by FA Management Committee, over £25,000 which they have told the stewards, must be found by the workforce themselves.

Mr. John McFadyen, stewards' convenor at Clydebank, said he was clearly safeguarding itself would be asking a last meeting against a flood of similar requests from other workforces faced with redundancies.

The Singer Company has given the Clydebank workers until October to find a viable alternative to its proposals to end production of industrial sewing machines with a net loss over four years of about 3,000 jobs.

If the stewards cannot find that alternative the plant, once the company's largest with 21,000 employees, would be reduced to an assembly operation for semi-electronic domestic machines, employing under 2,000.

FA has estimated its basic fee for a 10-week intensive study of Singer's manufacturing operations at £50,000, plus expenses.

Requests from other workforces faced with redundancies.

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## Dock engineers' talks deadlock

BY OUR LABOUR STAFF

TALKS BETWEEN unions and employers on a partly dispute involving 3,000 dock maintenance engineers at the country's largest docks around the country failed to reach a solution yesterday.

Representatives of five unions—the National Union of Railwaysmen, the Amalgamated Union of Engineering Workers, the Electrical and Plumbing Trades Union, the Transport and General Workers Union, and the Union of Construction, Allied Trades and Technicians—met officials from the British Transport Docks Board.

The maintenance engineers have been claiming parity with registered dockers. The Board agreed to a partly dispute involving 3,000 dock maintenance engineers at the country's largest docks around the country failed to reach a solution yesterday.

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## Rail commuter service hit

BY OUR LABOUR STAFF

THOUSANDS OF commuters on British Rail's Eastern Region again had their journeys disrupted yesterday because of industrial action by signalmen at Bethnal Green, east London.

North-east London and East Anglian services into Liverpool Street were affected and for 20 minutes yesterday morning no trains left or entered the station.

About 50 trains were halted between 9.05 am and 9.25 am with delays affecting later services. Normally between 9 am and 9.30 am about 30,000 commuters travel into Liverpool Street.

## London Clearing Banks' balances

as at July 19, 1978

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits ahead of the more comprehensive banking and money supply figures published later by the Bank of England. Tables 1, 2 and 3 are prepared by the London Clearing Banks. Tables 1 and 2 cover the business

of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the banking sector. Table 3 covers the parent banks only. In this, it is comparable with the figures

produced by the Bank of England, which show the reserve positions of all the banking sectors subject to credit control. Minor differences here arise from the exclusion from the clearing bank figures of Coutts, a subsidiary of National Westminster but a clearing bank in its own right.

TABLE 1—AGGREGATE BALANCES		Total outstanding		Change on month		BILLS		Total outstanding		Change on month	
LIABILITIES	£m.	£m.	£m.	£m.	£m.	LIABILITIES	£m.	£m.	£m.	£m.	£m.
Sterling deposits:						Treasury bills		489		+20	
U.K. banking sector	4,324		+580			Other bills		990		-44	
U.K. private sector	37,041		+373			Special deposits with Bank of England		581		+150	
U.K. public sector	2,274		+28			Investments:					
Overseas residents	2,274		+47			British Government stocks		2,265		-13	
Certificates of deposit	2,414		-25			Other		1,427		-9	
of which: Time (inc. CDs)						Advances:					
Foreign currency deposits:						U.K. private sector		10,619		+783	
U.K. banking sector	3,984		+16			U.K. public sector		286		+10	
Other U.K. residents	1,116		-386			Overseas residents		3,197		-10	
Overseas residents	10,725		-20			Other sterling assets*		22,105		+793	
Certificates of deposit	1,140		-421			Foreign currencies		5,639		-162	
Total deposits	10,965		+421			Market loans:					
Other liabilities	54,321		+427			U.K. banks and discount market		2,475		-289	
TOTAL LIABILITIES	65,286		+848			Certificates of deposit		2,266		-11	
						Other		7,124		-62	
ASSETS						AMs		10,886		-363	
Sterling						Advances:					
Cash and balances with Bank of England	1,473		+330			U.K. private sector		2,168		-21	
Market loans:						U.K. public sector		1,081		+7	
U.K. banks and discount market	1,795		-372			Overseas residents		3,134		-7	
Other	5,327		+299			Other foreign currency assets*		6,281		-36	
Certificates of deposit	882		+43			TOTAL ASSETS		83,650		+635	
Local authorities	1,416		-22								
Other	327		-113			Acceptances		284		+21	

\* Includes items in suspense and in transit.

TABLE 2—INDIVIDUAL GROUPS OF BANKS' BALANCES		TOTAL		BARCLAYS		LLOYDS		MIDLAND		NATIONAL WESTMINSTER		WILLIAMS & GILLYN'S	
LIABILITIES	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.
Total deposits	54,321	+562	14,888	+371	10,007	+234	11,291	+42	16,372	+125	1,768	-10	
ASSETS													
Cash and balances with Bank of England	1,473	+330	445	+88	310	+100	295	+52	386	+83	36	+8	
Market loans:													
U.K. banks and discount market	10,796	-362	2,651	-142	2,390	-87	1,819	-25	3,674	-117	342	+9	
Other	9,726	-113	2,672	-2	2,658	+61	1,434	+22	2,783	-174	279	-29	
Bills	1,389	-23	285	+11	117	+16	538	-79	398	+30	48	-	
Special deposits with Bank of England	581	+150	178	+46	82	+23	121	+33	171	+44	18	+5	
British Government stocks	2,265	-13	502	-3	436	-1	297	+4	890	-18	120	-	
Advances	29,489	+757	8,572	+124	4,375	+68	6,883	+308	8,654	+346	996	+11	

## TABLE 3—CREDIT CONTROL INFORMATION

(Parent banks only)

Eligible liabilities	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.
Reserve assets	23,840	+685	7,954	+274	3,902	+104	6,211	+52	6,897	+217	835	+19	
Ratio (%)	55	-85	1,038	+6	603	-82	899	-22	872	-24	117	+7	
Reserve ratio (%)	12.9	-0.7	12.9	-0.4	12.9	-1.7	13.0	-0.5	12.6	-0.8	13.2	+0.6	

## BARLOW RAND LIMITED

("BARLOW RAND")

(Incorporated in the Republic of South Africa)

## ACQUISITION OF A CONTROLLING INTEREST IN REED NAMPAL LIMITED ("REEDPAK")

Standard Merchant Bank Limited announces that Barlow Rand has concluded an agreement with Reed International Limited ("Reed") of the United Kingdom in terms of which Barlow Rand and its nominees have acquired, with effect from 1 July 1978, all the 15,020,545 ordinary shares (being 62.6% of the issued ordinary shares) in Reedpak owned by Reed. The consideration is 430 cents per share making a total of R64,588,344 which will be settled by raising loans overseas in certain foreign currencies to meet obligations of the Reed Group and the payment in cash in the currency of the Republic of South Africa of approximately R25 million.

This agreement is conditional upon the relevant United Kingdom contents and clearances being obtained.

## Merger of Reedpak and Barlow Packaging (Pty) Limited "Barpak" and implications for Reedpak Shareholders

To rationalise the paper and packaging interests of Barlow Rand it is proposed that Barpak be merged with Reedpak with effect from 1 July 1978 on the basis that Barlow Rand and/or its nominees will receive additional new ordinary shares in Reedpak. The terms of this merger are being finalised and will be advised on as regards Reedpak, by an independent merchant bank. A press announcement giving details of this transaction will be published before or on Friday 18 August 1978. The directors of Barlow Rand believe that significant rationalisation benefits will flow from the merger of Reedpak and Barpak and that a major paper and packaging group in South Africa will be created which will be strong financially and will have a significant market share.

In terms of the agreement with Reed, Reed and the other shareholders (i.e. other than Barlow Rand and its nominees) of Reedpak will receive the interim dividend of 16 cents per share declared on 17 July 1978 in respect of the 6 months ended 30 June 1978 and payable to shareholders registered on 1 September 1978. It is proposed to change the financial year end of Reedpak from 31 December to 30 September to coincide with the Barlow Rand financial year end. A special final dividend in respect of the financial period which will now end on 30 September 1978 will be paid to Reedpak shareholders. Thereafter Reedpak will declare interim and final dividends in May and November of each year.

## Stand-by Offer to Outside Shareholders of Reedpak

In view of the price of Reedpak shares on The Johannesburg Stock Exchange ("the JSE") being 520 cents when the Reedpak shares were purchased as compared to the price of 430 cents per share being paid to Reed, the JSE has agreed that a stand-by offer may be made to the outside shareholders of Reedpak. The procedure for this offer will be that from Monday 21 August 1978 to Friday 8 September 1978 (both days inclusive) all



# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## PRINTING

### Electronic colour process advances

PERMITTING, for the first time, individual input of colour pages for colour correction and storage—electronically—the Helio Data Processing System of Gravure Reproduction (HDP) could bring about major changes in reproduction methods in graphics communications.

An electronic sorting process allows users to engrave all pages of one printing colour in the correct position on the cylinder, again by electronic means, using Helio-Klischograph techniques.

First mooted in the 1960s, system definition took until the autumn of 1976 to prepare and, since then, the Rudolf Hell organisation has been working on the electronics and data processing complexities involved.

Recently, a first demonstration of a basic system took place before potential users from Europe and the U.S., guests of the European Rotogravure Association.

Basic equipment consists of an

HDP scanner, two magnetic disc stores, the electronic cylinder engraver and the control processor. The latter, a Sicom 10, acts as a dialogue unit to feed in instructions and mode of operation in the form of hard copy. A display screen is used to check each move. Most of this input data would be needed only once and would thus be held on floppy disc for reference.

For the scanning process, the floppy disc provides operating data to the processor and specific operating instructions are keyed in. The HDP scanner provides simultaneous scanning in all four colours.

Complete scanned input data is stored on the disc. In the subsequent sorting, the operator provides instructions for imposition from a layout chart. Many modes of data handling are possible.

The next stage in the process is to transfer all the amended information to the second disc in correct sequence and colour sequence. The engraving programme can then begin. One cylinder each is engraved per colour, the engraving being controlled by the printing specifications.

Hell development work means that gravure printers will have the ability to save time and materials and store colour separations in the computer, or maintain a colour library and call out pictures for colour engraving when they so decide.

Further information from the UK agents, Pershke Price Service Organisation, Dover House, 141 Morden Road, Mitcham, Surrey CR4 4XB, 01 648 7090.

### Halves production time in colour work

FROM AGFA-GEVAERT comes a method of halving the time taken to produce colour separations. Transferlith is aimed at the small printer and will work either from transparencies or from flat copy.

Quality is excellent at moderate cost, the company asserts, adding that larger users could employ the system solely for direct screen separation work, keeping an existing litho processor exclusively for orthochromatic jobs. The processor has roller guides to lead the negative and positive simultaneously, but separately into the pre-development bath. A second set presses the two sheets together as they leave.

### COMPUTING Solicitors' accounts automated

PRECEDENT, a computer system for solicitors is being offered by Altergo Computers for client accounting, time recording, word processing and automated production of legal documents.

Precedent 1 is tailored for the smaller practice with up to three thousand "Matters" and is provided on Altergo's micro computer, the Formula 1. Precedent 2 is able to handle 20,000 matters or more. This system is based on the Avenger mini computer.

Positives will dry off almost immediately and a screen positive is ready in 1½ minutes after exposure.

Special negative and positive films as well as a positive paper have been developed for use with Transferlith, plus a developer. No fixing bath is required.

The processor is equipped with a pump, heater and thermostat to provide constant level and temperature and the simplicity of operation of the whole concept should provide users with very good quality results.

Information on the process from Agfa-Gevaert, graphic arts department, 27, Great West Road, Brentford, Middx. 01-560 2131.

Both systems provide comprehensive client matter accounting which can be tailored to individual needs. It gives, for example, draft billing; instant enquiry to matter details; accounts posting; nominal ledger. Full recording for both chargeable and non-chargeable time is possible to ensure that accurate charges are calculated for each matter. The fee earner fills out a normal time sheet and details from this are keyed into the system which will then calculate charges from the fee-earners standard and priority rates.

Precedent 2 system has the additional facility to enable "mark sense" cards to be read. With this capability fee-earners simply "tick the box" on a time card. For the larger practice with many time transactions this is a cost-effective and simple method of time recording.

### Laser reads the data

SET UP in the UK to market a fast, economical OCR system, Transworld Optical Business Machines is a subsidiary of OEBM Inc., an eight-year-old Florida company.

Laser OCR-ONE is an optical character reader for the preparation of clean data entry information from source documents for input to computer systems. In addition to a laser character scanner it has easy to operate editing facilities.

The British company, as well as handling direct sales in the UK, is responsible for marketing throughout Europe, with the exception of France. To this end, arrangements have been made for distribution in Italy, Germany and Czechoslovakia and distributors are being sought in all other areas. With the sales previously made by distributors, the total number of installations in Europe is now over 30.

Transworld, 84, Lower Mortlake Road, Richmond, 01-940 9666.

### Drive with many speeds

CALCOMP's new floppy disc drive sub-system is based on a controller from Dynalogue Corporation of Canada, with whom Calcomp has recently signed a marketing agreement. The sub-system can accommodate single or dual floppy disc drives and provides an on-line storage capacity of up to 12m characters.

Unattended operation under

control of a remote computer is possible, the data transmission rate being switch-selectable from 110/19200 Baud.

Calcomp has recently begun using the new subsystem to provide mass storage in its own line of computer graphics units and the signing of the marketing agreement with Dynalogue, which last month took delivery of Calcomp's 60,000th floppy disc drive for incorporation into small business systems, was seen as a natural step for both companies.

Calcomp, Cory House, The Ring, Bracknell, Berks. RG12 1ER. Bracknell 50211.

### Preparation of data

FROM Burroughs Machines comes the announcement of a low cost key-entry equipment for the preparation and validation of data destined for its B80, B900 and B1800 small scale computer systems and any other of the company's processors that use tape cassettes as input.

Called AE 111, it consists of a standard numeric ten-key pad, specialised data entry function keys, a 16 character display and a 16 character audit printer. A free-standing cassette drive provides program input and records accumulated data for subsequent computer processing.

Keyboard, printer and cassette are buffered, thus increasing productivity by allowing continuous data entry, printing and recording. Program prompting through the display contributes to operator accuracy and ease of use.

Flexible programming techniques provide the user with a wide range of cassette record formats and data verification methods. User programs are created from the keyboard and stored in a library cassette, for later selection and reading into the AE 111 memory.

More from the company at Bath Road, Hounslow, Middlesex (759 6522).

## CONFERENCES

### Problems of word processing

A TWO-DAY conference on word processing, with particular reference to the human problems involved in using word processing methods, is being organised by Information Studies and will be held on October 30 and 31 at the Regent Centre Hotel, London.

The meeting is aimed at executives and staff who are responsible, or might become responsible, for word processing installations and who deal with the changes now taking place in information handling offices.

Speakers will include the manager of word processing at the British Standards Institution, a former head of typing at the Automobile Association, the director of research at the Association of Scientific, Technical and Managerial Staffs and a lecturer in ergonomics at Loughborough University.

The organisers will conduct a sample survey of registrants to discover what aspects are deemed most important.

More from the organisers at Lower Road, Chorleywood, Rickmansworth, Hertfordshire (08278 4244).

## HANDLING

### Pumps the slurry

APPLICABLE in industries where pollutants have to be handled to conform with anti-pollution laws or in mining and chemical plants where heavy duty pumps are not warranted, series of slurry pumps from Simon-Warman can deal with flows from 30 to 1,200 litres/min.

The range has been introduced for light to medium duties where the company's extremely robust Series A units would be unnecessarily high-powered.

Wearing parts are available in hard abrasion or corrosion resistant metals, or elastomers, to suit the application. Shaft seals are packed or centrifugal to suit the conditions.

More from the company at Todmorden, Lancs. (Todmorden 4251).

## TEXTILES

### Less dust in the fibres

ONE OF the biggest problems confronting yarn spinners that use the rotor spinning or "open-end" techniques is dust or trash in the fibres. This has to be removed before it gets into the high speed rotors and so diminishes quality and, in extreme instances, actually causes yarn breaks.

Currently, with synthetic fibres of various kinds, the open-end spinners are demanding that the level of such dust should not exceed 20 parts per million (ppm) and now a number of fibre producers are able to offer staple fibres of various kinds that meet these requirements.

One of the oldest man-made fibres is viscose rayon and this is produced both as filament and as staple. This is being spun alone and in blends with other fibres on open-end machines.

Recently the French factory of Courtaulds (Viscose Division, Rowell Tower, Piccadilly, Manchester M60 3AP; tel. 061-238 7091) has found that by using a specially designed extrusion spinneret it is possible to produce viscose rayon staple in which the trash level is currently between 5 and 10 ppm. This has

## ELECTRONICS

### Logic-relay controller

ACCORDING to the makers, Taping Electronics and Control, the results that can be achieved by its newly introduced FPC 16 controller are comparable with those of systems based on micro-processors.

The unit costs £150 and uses a mixture of solid state logic and conventional relays; the former give speed and reliability, while the latter mean that input and output control devices can be directly connected without the need for extra, and possibly costly, interface equipment.

Programming in the field can be performed by an engineer using only a few wire links and who does not require knowledge beyond the control problems of his own industry.

FPC 16 has four input and four output terminals. The former can be connected to AC control signals from external plant contacts, while the output terminals have heavy-duty relay changeover contacts for direct connection to plant control gear such as starters, solenoids, valves, motors or pumps.

In advanced applications FPC 16 units can be interconnected to perform more complex control functions and can also be used in other control systems.

Logic circuits associated with the inputs and outputs are fully protected by opto-coupled and relay isolation. The state of inputs, outputs and power supply is shown on diode lamps.

Housed in a rugged steel case, the unit measures 200 X 171.75mm.

More from the company at 23, Hatfield Road, Wembley, London, W19 3TD (01-947 7294).

## COMPONENTS

### Senses the temperature

COMPLEMENTING its existing range of heating products designed for plastics processing, Cole Equipment has introduced a range of thermocouples.

The devices are designed for sensing the temperature in the barrels of moulding machines and are available either in iron/constantan or nickel/chrome versions with two metres of screened and armoured cable. Operating temperatures are up to 450 deg C.

Machines that can be fitted include Bipel, Engel, Kraus Maffei, Negri Bossi, Shibbo and Windsor, although special units for moulds and dies can be made to customers' specifications.

More from the company at 7 Airfield Way, Christchurch, Dorset BH23 3TB (02015 6711).

## SERVICES

### First aid for pipes

ONE MEANS of carrying out repairs to a pipeline without closing it down is to freeze it and its contents with liquid nitrogen. This can save a lot of trouble.

BCB Pipe Freezing Services, which specialises in this is now facing growing numbers of calls for aid and has had to increase its liquid nitrogen storage capacity. To do this it has installed at its Croydon centre a 2,100 litre bulk storage tank which has been supplied by BOC and has been designed so that the liquid gas can be decanted into smaller, transportable vessels.

The company is also using BOC's Cryospeed Service which ensures delivery of liquid nitrogen to BCB pipe freezing teams on sites throughout the country.

Bulk storage facilities are also to be installed at BCB's centre in Birmingham and from its two centres the company now says it can give faster responses to urgent requests for help.

In addition, the company's capability in handling long-duration pipe freezing operations which require larger supplies of liquid nitrogen is increased.

Details of the company's service can be obtained from 2a Boswell Road, Thornton Heath, Croydon, Surrey (01-889 6911).

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## RESEARCH

### Quick stop for motors

WORK CARRIED out by a team at the University of Newcastle upon-Tyne and assisted by the National Research Development Corporation has shown that three-phase induction motors can be stopped extremely quickly using a two-stage electrical braking system.

The first stage consists of discharging a fairly large capacitor across one pair of stator terminals, producing braking due to a self-excitation effect. In the initial few cycles of self-excitation braking is rapid, but it is not complete because it always ceases before the machine comes to rest.

Braking is completed by applying a short circuit across another pair of stator terminals; however, the University team has discovered that the effectiveness of this is critically related to the time phase of the self-excitation voltage, and currents when the short is applied. Suitable phase selective thyristor switching circuits have been devised which ensure application of the short at the correct instant.

In tests, a 3KW three-phase motor has been stopped using a 200 microfarad capacitor in less than 0.1 sec, or less than two revolutions.

By comparison, braking with the conventional DC injection technique is nearly 10 times longer.

It is expected that the invention will find application in emergency braking of induction motors where reliability is essential and in the process industries where consistency of performance is important. In manufacturing control systems for braking based on this work are invited to contact Peter Thompson, NRDC, 66, Victoria Street, London, SW1E 6SL (01-833 3400).

### Long fibre link works

USING A wavelength of 1.27 microns, a research team at Nippon Telegraph and Telephone has transmitted a 25 Mbit/s pulse code modulated signal over more than 50 km of graded index fibre without intermediate repeaters and at nanobit error rates.

If the laboratory work is converted to a commercial system it means that repeaters, being so far apart, can be accommodated in offices rather than manholes, greatly alleviating problems of repeater reliability, power supplies and maintenance. Applications are likely to be made in undersea as well as land transmission.

Presumably because the fibre can be made only in lengths of about 25 km, current experimental length has some 20 splices in it, making the average fibre loss of 0.66 dB/km even more remarkable.

The high-silica fibre has a graded index core diameter of 60 microns and the overall diameter with cladding is 150 microns. It is coated secondarily with silica resin.

A double heterostructure laser making use of indium gallium arsenide phosphide and indium phosphide was used with a threshold current of 120 mA at 18 deg C and an output power of 0.5 watt at 130 mA. At the other end of the 50 km link, the detector was a germanium avalanche photodiode.

The Japanese team states that the system operates with no problems of crosstalk, induction noise, or reflections at splicing points. They expect the repeater spacing to be pushed to 70 km with further development. The results have just been published in the IEE's "Electronics Letters".

The company is at 1-2356 Take, Yokosuka-shi, 229-03, Japan.



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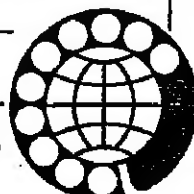
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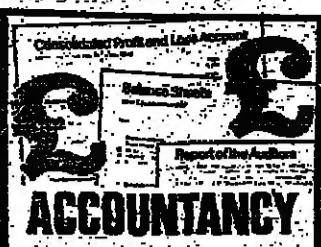
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## The Management Page

EDITED BY CHRISTOPHER LORENZ



THE RECENT accounts of British Gas, the Electricity Council and the Post Office have led to public criticism of their Boards, of their auditors and of the accountancy profession. The main thrust of the attack has concentrated on the Boards' actions in providing for depreciation on a replacement or partial replacement basis.

The Boards, it is said, are using flexible accounting methods to reduce the impact of high profits. The auditors are taken to task for passing replacement cost and historical cost depreciation equally readily (coal and steel have not followed suit). The accountancy profession is chided for its slowness in not producing an agreed standard.

The absence of a Hyde gear adjustment in these reports has also been questioned, though as this would appear only in the form of supplementary information it would not affect the profit shown in the accounts.

There is indeed no express rule of company law, or in present accounting standards, to stop companies or public corporations making extra provision in their accounts to cover the replacement of assets. Well respected companies have followed this practice without public outcry. The effects have no doubt been taken into consideration by the stock market in interpreting the results. The Post Office itself has followed the same practice since it became a public corporation.

Innovations of this kind have been a normal feature of accounting practice in the past. Practical needs are felt in the business community, pioneers introduce what they consider to be improved procedures; these show their worth and come into general use as accepted accounting practice. (There was a time when consolidated accounts were regarded with suspicion.)

**Disclosure**

By its issue of the "Hyde" guidelines, as a provisional measure, the accounting profession, through the Accounting Standards Committee, has indeed indicated its view that the level of depreciation appropriate to the current cost of assets is at least a matter for disclosure. It can be questioned whether it would be helpful to demand that enterprises which wish to incorporate similar information in their main accounts, and in some cases have done so for many years, should detail while business, the profession and the Government make up their minds.

The accounting profession has its share of human faults, but in these complex matters it may be wise to hasten slowly. Those who doubt this should recall the recent reception of the inflation accounting proposals in Exposure Draft 18—issued, it should be noted, for discussion, not as an approved standard for immediate implementation.

Nevertheless, the big public corporations, with their great economic power and their methods of accounting are unquestionably a matter of considerable public concern. It is therefore right to consider what justification there is for the policy that is being criticised.

## A proper basis for accounting in state industries

BY PROFESSOR HAROLD EDEY

At the heart of the present brouhaha lies concern about tariffs. As the Foss shows, published accounting reports are likely to influence views about the level of tariffs. If they are misleading in this context they could lead to the imposition of the corporations of economically undesirable policies. It is therefore highly desirable that within the bounds of possibility they should report present reality.

The role of tariff-setting in a public corporation is to give the right message to the consumers of its services. Subject to such social subsidisation as the Government considers necessary (and pays for) the money collected from the consumers should provide for the upkeep and replacement of the resources currently consumed in production. Failing this, consumers

Perfection in accounting corporations is of some importance when it is linked, as has been the case with the South of Scotland Electricity Board, to views of the Price Commission. In this context, the essence of the argument in favour of such an adjustment is apparently that the tariff should not seek to recover the excess of current cost over historical cost depreciation in so far as assets are financed by debt. In effect, the argument might run, the lenders must be deemed to have subsidised the consumers by not demanding an indexing of the loan to cover the falling value of money.

If there is to be criticism it should perhaps be diverted to corporations that have not attempted to show how much depreciation is needed to reflect current reality. In the case of coal, for example, it can be argued that a better economic view would be given if the

accounts showed depreciation related to the current cost of developing new mines. The inclusion of current cost depreciation in the accounts does not of course imply that price should always have been fixed to cover the total cost thus shown. Pricing is a separate operation from reporting results and must take account of the market. It would be unrealistic to expect the steel industry, for example, to recover its total, very high, fixed costs at a time of general economic depression, as the experience of the steel companies in the thirties should remind us. The accounts should nevertheless present the full picture.

The Electricity Council has been criticised for its addition to historical cost depreciation of an arbitrary 40 per cent because this figure happens to be that approved by the Price Commission. This does indeed seem to put the cart before the horse. However, if, as seems to be the case, the 40 per cent is an underestimate of the correction needed to bring depreciation to a current cost level, adopted as a temporary measure pending the development of a better estimate, it is to be welcomed as a move in the right direction. We can perhaps look for more refined calculations in the next report.

There is no suggestion at present that a Hyde gearing adjustment should be more than part of a statement supplementary to the main accounts. However, its relevance for public

"The level of debt in a public corporation is arbitrary... it depends to a considerable extent on the accident of past Government financing policies."



Prof. Harold Edey

are given a temporary benefit at the cost of the rest of the community of future consumers. This will occur through the running down of capital resources, coupled with the stimulation of demand to a level which can only be maintained by a further run-down or a diversion of resources from other ends.

A typical feature of such situations in public utilities is an increasing deterioration in the quality of service because the financial authority, as the Government is unwilling to divert increasing resources to the public expense to meet the stimulated level of demand.

So an essential requirement in tariff-making is to set the tariff at a level sufficient to maintain productive potential. This requires among other things the assessment of the current cost of replacing the capacity, taking into account current technology, assuming, of course, that the service in question will continue to be demanded at a price sufficient to justify its production. Historical cost has no relevance for such matters.

**Commentary**

This suggests strongly that the accounting reports should, if they are to provide a useful commentary on what has happened, be compiled on a like basis. So they should include current cost of depreciation.

## Public debt

The validity of this view is open to question. The level of debt in a public corporation is arbitrary, it is much higher than would be found in the private sector, and it depends to a considerable extent on the accident of past Government financing policies. Although the debt is nominally a liability of the corporation it is in reality, for most practical purposes, a Government obligation.

The role of such debt is more akin to that of debt capital of a subsidiary in the hands of the holding company. In such a case the cost of finance that is relevant for business planning, including pricing, is the overall cost of capital to the holding company. It has no direct connection with the debt finance that appears in the subsidiary's legal balance sheet. Here the legal debt is the holding company and the public corporation is the subsidiary.

On this view, the economic cost of finance in the nationalised industries should reflect the return obtainable from the best alternative use of capital resources—the so-called shadow price of finance. In estimating this, the existing legal debt, the interest on it, and the question of a gearing adjustment, are all irrelevant.

So far as the accounting reports are concerned the same line of reasoning applies. The public corporations are owned by the nation and their debt is largely provided by the nation or under its guarantee, so that the nation bears the risk. It is hard to see that a gearing adjustment has relevance.

A better plan might be to charge in the accounts, at an appropriate shadow rate, notional interest on the current value of the total resources in the corporation's hands. Interest on the legal debt would then be treated merely as a payment on account of this charge. In this way a significant step could be taken towards linking the financial reporting of the public corporations more closely to their overall financial control. The provision they reported would then acquire a significance which is at present lacking.

Harold Edey is Professor of Accounting at the London School of Economics.

Lynton McLain on an unusual innovation project  
A helping hand through the new product maze

Dr. R. C. Parker—putting creativity into management.

IN AN ideal world, industrialists would be able to plan innovative products, processes or marketing by working to a set of management guidelines. In practice the world of business is far from ideal, the guidelines do not exist, and management has to be content with a suck-it-and-see approach or one based on ultra caution where innovation simply does not occur.

But by the 1980s, managers may be able to turn to a set of precepts which will act as lines to guide unsure managers towards profitable innovation. The work on defining the precepts is now under way in one of the most potentially important research projects ever undertaken in British engineering management.

It is being carried out by a single, highly experienced and qualified man from the research and development side of industry, with only moderate clerical and research help.

Dr. R. C. Parker, the former research and development director of Turner and Newall and now director of the three year innovation project run by the Council of Engineering Institutions since last year, has some crystal-clear objectives. The simplicity of his targets is likely to embarrass the authors of academic papers studied by Dr. Parker who have spent thousands of man-hours defining terms, and often little else, in the field of industrial innovation.

Dr. Parker's first aim is to identify the management factors which should be encouraged or avoided to provide a base for innovation. He wants to draw up a short, readily understandable list of precepts for use by harassed managers in engineering. The hope is that managers will no longer adopt a stance of ultra caution and spurn creative innovation, at least not without understanding why. Dr. Parker wants the list to be by the side of every engineering manager, guiding his actions day by day.

It is a very ambitious target. But he has the confidence and the security of financial backing from the Government's National Research Development Corporation, the CEI, Rio Tinto Zinc, Delta Metals, ICI and Vickers, as well as Turner and Newall. The base for the intensive research is Ashridge Management College, Berkhamstead, Hertfordshire, where Dr. Parker has a research fellowship.

He has had almost daily contact with the production, management and marketing heads of 40 engineering companies. The ultimate aim in preparing

the list of management precepts for innovation has taken him to large and small engineering companies to classify industrial activities and the approaches of management. His aim here has been to see how ideas, if any, get into the market place and to list the constraints in each group of companies.

This work has already yielded valuable case studies showing how ideas are generated, or why some companies are arid wastelands devoid of ideas for survival.

In the larger companies he watched and recorded the progress of specific projects through to the market place. In smaller companies where innovation was a new word, he gave practical help in a systematic approach to creativity and the evaluation of an idea. There was often a disturbing lack of interest in new products, new processes and new marketing in many of these small companies. Often, he said, the board of directors' main interest was in reducing staff numbers. The complaints from directors were directed more at their exasperation with employment protection legislation than with ways of nurturing ideas into profitable life.

Dr. Parker is worried that more engineering companies have not responded to his call for an open door to observe, advise and to generate interest in the concept and practice of new ideas. One company set on his offer for over nine months and still did not make up its mind.

The general manager of another company said a 50 per cent reduction in his workforce was an essential preliminary to innovation. His labour problems took up so much of his time he had none left to think about new ideas.

**Seething with energy**

There have been compensations for Dr. Parker. One large supplier of automotive components welcomed his visits as an opportunity for an objective assessment of its progress. The management also looked forward to the ultimate result, the

list of simple guidelines. This company was "seething with energy," he said but welcomed the more rigorous and systematic approach, in sharp contrast to many of the other companies who gave Dr. Parker the impression that they wanted the whole problem of innovation to go away.

The CEI committee on creativity and innovation considered that the latest project would help the management of these companies which wanted to introduce a new product, but who knew that their staff was geared to stable markets and long established products.

A vital element in Dr. Parker's approach is to observe and record what is happening either with or without innovation. His list of precepts will not be based on a hazy memory of what he thought happened in a company, but what did happen from the generation of an idea to its acceptance in the market place. The immediate benefit for the company is that Dr. Parker is able to test his wide range of ideas on innovation and measure the benefits before and after a new product is introduced.

This approach allows management in smaller companies to try their hands at innovation, fore there was only sterility.

under the disciplined and critical eye of an experienced, practical innovator. For in spite of his criticism of the usefulness of formal literature on innovation for working managers, Dr. Parker tried many of the ideas for stimulating creativity during his time as R and D director with Turner and Newall.

He is now an advocate of management disciplines such as synthetics, where a group of people are trained to evaluate and produce ideas in a structured but creative way.

**Action case study**

A further benefit for engineering management will come at the end of the project, when the "action case studies" now being prepared by Dr. Parker, with full co-operation from the companies he has visited, will be made available to business schools as teaching material. This may help to revive Britain's engineering fortunes, but the greatest successes are certain to be on the shopfloors and in the minds of those managers Dr. Parker has been able to help by bringing creativity and innovation into the daily round of management tasks, where before there was only sterility.

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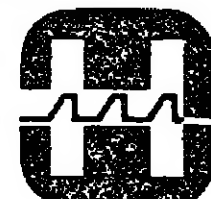
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## BUSINESS PROBLEMS

BY OUR LEGAL STAFF

## Trustees' responsibility

As trustees we received on March 20, a reasonable provisional allotment letter for 393 new shares at £1.85 per share, acceptance in full by April 11 and sold 335 new shares, fully paid on April 9, realising £714. The tax inspector says that as the £714 was more than 5 per cent of the holding on March 20, the transaction must be regarded as a part of disposal and is claiming £127 to be the gain. Is there any answer to this claim?

The law on this point is quite clear, and it is a little surprising that none of the trustees appears to have foreseen the taxation consequences of taking up a rights issue with a view to an immediate sale.

The 1965 capital gains tax rules (like the 1962 short-term gains rules) treat shares comprised in a provisional allotment letter as issued immediately upon acceptance, and the transaction intro-

duced in 1966 (paragraph 3 of schedule 10 in the Finance Act 1966) only applies where a person receives or becomes entitled to receive in respect of any shares in (or debentures of) a company a provisional allotment of shares in or debentures of the company and he disposes of his rights. The trustees will doubtless wish to consider the extent of their personal liability to make good the financial consequences of their failure to act promptly upon receipt of notice of the rights offer and (ii) to acquaint themselves with the basic rules of capital gains tax.

On the limited facts provided, we cannot say whether the Inspector's figure of £127 is correct, or of course, but he is undoubtedly right in broad principle.

**Cover against legal costs**

Is it possible to take out an insurance policy to cover against legal costs? If so can you let me know of any companies which

have such policies? I live in Scotland.

In English law the position is as you state. We cannot recommend particular companies; most of those which issue policies in connection with legal and tax planning risks will do so, as would Lloyd's syndicates. We suggest that you consult an insurance broker.

## No tax to pay

Could you tell me how much the capital gains tax would be if I sell in 1978-79 Unit Trust Units at a gain of £1,500 and shares at a gain of £500? The shares were bought after April 6, 1965. Under the provisions of what was originally clause 35 of the Finance Bill (but was substantially altered in Standing Committee and on Report), the assessment would be as follows, and there would be no tax to pay:

Qualifying gains ..... 1,500  
Other gains ..... 500  
Taxable amount ..... 2,000

First £1,000 at nil ..... 0  
Remainder £1,000 at 15% ..... 150

Less: Credit due on £1,500 at 17% but limited to CGT ..... 150

Nil

**Transfer of shares**

As secretary I am concerned with two instances whereby share-holders in my company have died without transfer of the shares being arranged to the legatees.

Now a transaction is to take place whereby the said legatees are willing sellers of the shares. Have two transfers to be made, i.e. from the deceased to the legatee(s) and again from the legatee(s) to the new purchaser or can one transfer be made to cover the whole situation?

There is no reason why the personal representatives should not transfer direct to the purchaser at the legatee's direction—subject, of course, to any provisions there may be in the company's Articles of Association.

## Pension plan

The Superannuation Funds Office of the Inland Revenue informs us that, subject to certain provisions, it will allow small schemes to be set up by any public or private company. The provisions concern the composition of trustees, and the investment policy.

The board of trustees has to include an outside "pensioner trustee" approved by the SFO and the pension fund cannot invest in more than 40 per cent of its assets in the parent company. The SFO is not prepared to circulate widely its list of approved pensioner trustees, but interested parties should approach the Association of Consulting Actuaries (Great Britain) for information, since an actuary's report will be required in order to set up the scheme.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be without transfer of the shares being arranged to the legatees.

## Looking at Leicester

"In Leicester we have a super relationship with the Union and with our 900 employees," says Peter Bailey, managing director of H. T. H. Peck (Holdings) Ltd.



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# Sad Saturdays

by WINSTON FLETCHER

Peter Cook is back on Saturday night television. This news should be bringing joy unbounded to the hearts of the *That Was The Week That Was* generation. Yet it has passed largely unnoticed because he has not returned as the deliciously mournful E. L. Wisty, nor is he back with Dud. He is alone and palely loitering as host of ATV's infantile new pop show *Revolver*.

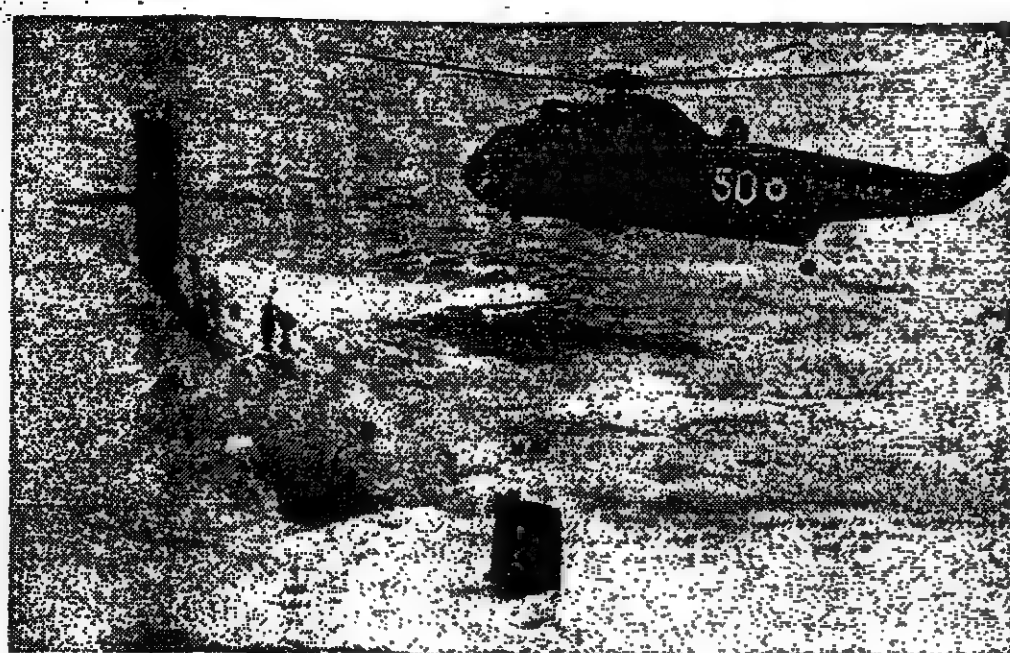
Not that TW3 was the only programme of its era to command steadfast loyalty. Early 2 Cars, *Arresters*, *Dimbleby's Funnies*, *The Foreigner* and a few others pulled us equally magnetically to our sets. To miss a transmission meant spiritual deprivation and conversational leprosy the next morning.

Doubtless we each have our favourites, but no series currently on air enjoys quite the same Svengali-like hold on our cultural affections. Perhaps it was the heady newness of television, as the BBC and ITV rapidly and brilliantly developed their talents during the 1960s and early 1970s, perhaps we have become a little more sophisticated about the electronic medium, perhaps the golden oldies were genuinely better. Whatever the reason, we lack the charismatic programmes we knew and so loved in years of yore.

You must certainly not see any if you're stuck in front of the box on a Saturday evening, though anti-intellectuals have lately tried to elevate Kojak into a trendy cult hero. No way. The only continuously fascinating aspect of the shifty-headed cop's exploits lies in the way scriptwriters always contrive to half-identify the crook from the start of the plot, yet hold your involvement while Kojak unravels the clues and catches up with you. It's a neat balance between the classic Agatha Christie whodunit and a simplistic action-packed thriller.

Unfortunately this self-imposed need to be simultaneously secretive and open, occasionally leads the plot into labyrinthine convolutions. To smother the witless Saturday called for the unlikely use of "The only topless twin magicians in the world" — a toothsome duo who regrettably never appeared in their work wear, but whose powers of detailed perplexity and deduction would have made Sherlock Holmes look like a myopic dufferhead.

If Kojak is neither Steed nor



A dramatic moment from the BBC series 'Sailor'

new Saturday evening family quiz *32111* is no *Generation Game* — and that is quite an achievement. Though hardly an essay in metaphysical subtlety, the *Generation Game*, driven relentlessly on by Bruce Forsyth's astonishing exuberance, is compulsively watchable. It's the kind of programme you switch on by accident and find yourself still glued-eyedly gawping at as the final credits roll. (The celebrated Oh dear — I didn't mean to waste — those watching that it became a little more about the electronic medium, perhaps the golden oldies were genuinely better. Whatever the reason, we lack the charismatic programmes we knew and so loved in years of yore.)

But *32111* is compulsively watchable. It begins with a quiz in which astagantly smiling couples are asked such searing questions as to give all the girls' names they know beginning with J, or to do simple subtraction. The quiz is frequently interrupted by in-thane comedy trio who shout jokes so stale they wouldn't be allowed to sully a Taiwan Christmas cracker.

These proceedings are archly controlled — controlled? by a sham ebullient Ned Rogers, who effects a passable rendering of a second-rate secondhand ear salesman. Doubtless audience research will prove me wrong and *32111* will be to the top of the ratings. Poisonously, as Kojak would say, if I hear see it again it will be too soon.

With its surfeit of old movies, every Saturday evening offers a serious programme or two. Last week's BBC thumpies was a 90 minute film-and-words documentary on racial problems called *Discrimination*. It was a toothsome duo who regrettably never appeared in their work wear, but whose powers of detailed perplexity and deduction would have made Sherlock Holmes look like a myopic dufferhead.

If Kojak is neither Steed nor

Lewisham councillor on the programme put it.

Fine. No contest from me or from the vast majority of other viewers, but clearly not every body agrees or there would be no problem. In 1977 more than 600 complaints of unfair discrimination by employers were made to the Race Relations Board and Industrial Tribunal. Only five stuck, and the BBC 2 studio discussion concentrated literally on ad nauseam on the problems involved in proving that discrimination has taken place. (Even a half-witted employer can invent a legal reason for rejecting a coloured job applicant.) As it's illegal nobody can overtly admit to practising racial job discrimination; concern largely would have been possible to discover a few people willing to air their prejudices in an abstract way. Lacking such conflict, *Discrimination* was not so much Hamlet without the Prince as Macbeth without the Lady.

The Beeb's other serious Saturday night offering is its 10-part series *Sailor* — an everyday story of naval folk. It would be uncharitable to suggest that *Sailor* might well have been written by the R.N.'s PR Dept., and I'm sure that nobody. Broadcasting House would have encouraged it as an unpaid advertisement for naval recruitment. Yet its pretty pictures and leisurely (not to say torpid) pace make life on the ocean waves seem like an endless summer holiday. At Rutland without the redcoats, this Saturday's instalment, which depicted three blissful weeks for the Ark Royal's crew ashore in Florida, reminded me colourfully of an advertising agency story about a famous television commercial that never got made.

"We open," said the copywriter, proudly displaying the storyboard, "on a beach in the Bahamas. . ."

"No we damn well don't," the client promptly interjected. Happily for *Sailor*'s production team, no such stingy BBC controller cut short their proposal to lout-ent with the Ark Royal's swabbies.

Having now circumnavigated most of the evening you can, if you wish, cruise noisily bedward with Peter Cook's late night explosion, *Revolver*. During the early sixties the BBC's popshow — particularly *Star Five Special* and *Ready, Steady Go* — were as addictive for teenagers as TW3 was for their elders. The teeny bopper shows were transmitted in the early evening on the assumption that most kids would be in at six o'clock preparing for their Saturday night fevers. Presumably ITV have research data proving that nowadays they're all home by 11 o'clock waiting for their hot chocolate and ready to be tucked up in bed by midnight.

For *Revolver* cannot be intended to appeal to anyone with a mental age of more than 14. Like its predecessors, it comprises a studio full of kids dancing to groups. Unlike its predecessors, the apparently hand held cameras judder and shake as if the cameramen were inflicting a sharp attack of the DT's. An illusion further fostered by the multiple images and the kaleidoscopic abuses of the busy, busy and pointless gimmicky Mickie Most is still, producer of teenage culture so maybe that's the way they like it.

It is impossible, however, toathom why Peter Cook has got himself involved in this depressing last-up, mauling dreadful guise like "Do you people want to bear garbage? No, that's good because we didn't book 'em. . . That's a joke you bastards."

Come back E. L. Wisty, and all will be forgiven.

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Come back E. L. Wisty, and all will be forgiven.

## Munich

# Lohengrin

by RONALD CRICHTON

After sleepy Bayreuth, Munich is Babylon. When I was last there years ago the Nationaltheater building the State Opera was still rebuilding. Though it has long been open, Klenz's great neo-classical opera house in its refurbished state still dazzles: the gift, the raspberry red and the Bavarian snow-azure look pin-new. The theatre forms a focus for the buildings round it and away down the Ludwigstrasse a stream of them by the same, bold architect poured over as a boy in *Stories from the Great Opera* and the like.

There was a great, leafy oak with a gaping hole in the trunk wide enough for the King to be enthroned in; turf with tufts of brown, reedy grass; the river Scheldt winding away into the distance; on the backcloth clouds not projected but painted.

Lohengrin was not drawn in a boat but materialised enfolded in the wings of the swan, whose shape of Godfrey of Brabant was much helped thereby. The bride chamber, Romanesque and painted rather like the Ludwigskirche down the road, was handsome. The second act, so effective in the programme illustration, was poorly realised, spoiled for most of the time by a wide and ugly black palisade behind which Ortrud and Telramund conspired.

More than an antiquarian exercise, less than a total success, was a fair framework for the strong forthright conducting of Swallow (the big choral

Henry the Fowler. Two nights earlier I had watched the first act on Bavarian Television and am still wondering why this of all slices of slow-moving music drama should have made such good viewing. One factor was the surprise of Everding and Fuchs's partial return to the naturalistic style of scenery. Materials and techniques were no doubt very different from those of Wagner's day, yet the effect was as near as one is likely to see to the illustrations I pored over as a boy in *Stories from the Great Opera* and the like.

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ensembles made up in energy what they lacked in transcendence) and for some interesting individual performances. Siegfried Jerusalem has a clear, steady, well-projected tenor of fine quality. He is not as clever an actor as Kollo but he looks well, and would look better still if he didn't hunch his shoulders. He sang the two big solos and the duet with refreshing ease, elegance and rightness of expression.

The Elsa was Catarina Ligendza. She has the gift, rare in opera singers, of sounding wholly spontaneous: not a soprano who has carefully learnt a role but a real person reacting to events with complete naturalness in terms of song. This Elsa was a complicated girl, slightly protruding eyes betraying tension, a smug, superior smile implying he can't fool me" and only half masking an inner bewilderment that became in the duet self-destructive aggressiveness. A most interesting artist — why don't we hear her? Eva Randova, the Ortrud, was a last-minute replacement for a replacement, unable in the circumstances to equal her Covent Garden performance in the role. Laila Ror, thoughtful and intelligent but small-scale for this theatre. There was nothing small-scale about the Herald of the Wolfing Brandel, who has the dramatic and baritone voices were admirable, but the conductor's unsteady way with changes of tempo sounded awkward in this tiny theatre.

The Vitellia of Julia Varady on this evening at least was a disappointment, affected in manner and mainly dry of voice — an intelligent artist below form. Brigitte Fassbender's Sesto, on the other hand, is a lovely performance with much of the controlled intensity and artistry that in London distinguished the Vitellia of Janet Baker. A touch of over-enthusiasm towards the end hardly lessened the general impression. Werner Hollweg's Taus has grown more subtle. The remaining roles, none of them unimportant, were excellently filled by Kietz Enzen (Publius), Lilian Sukis (Servilius) and most notably by Daphne Evangelatos as Annus. Reynald Giovanetti conducted a section of the Munich Philharmonic. The dramatic and baritone voices were admirable, but the conductor's unsteady way with changes of tempo sounded awkward in this tiny theatre.

Although in Munich they sing Mozart's *Clemenza di Tito* in Italian they call the opera

## Harrogate

# Through The Looking Glass

by Wilfrid Mellers

Lewis Carroll's Alice books are works of extraordinary, peculiarly English, genius.

Superficially, therefore, it seems odd that English composers have not musicked them more frequently; having attended the first performance of Wilfrid Joseph's children's opera, *Through the Looking Glass*, at the Harrogate Festival one begins to understand why. Conventionally speaking, the Alice books are anti-operatic in being episodic and devoid of dramatic climax.

Even if one takes the line that nowadays that does not matter since story-lines are out and sensory "moments" in, that does not over-ride another problem: the Alice books are mostly talks, and in their many ways, pretty intellectual talk at that. If, in a theatrical context, one cannot hear the words, one feels frustrated; if one can hear them, any addenda, such as music, seems irritatingly tautologous.

Wilfrid Joseph is a thoroughly professional composer who can effectively turn his hands to many kinds of music. He has an enviable ability to be able to create music that communicates directly with several sorts and conditions of person: While his wild symphony (performed at last year's Harrogate Festival) proves that he can on occasion evoke magic, a kind that strikes a vivid response from the heart as well as the performing hands — of the young.

He has not, however, altogether cracked the tough nut of Alice. He writes deftly for his little orchestra (apart from an over-indulgence in Glockenspiel); he produces some rousing numbers for the chorus; he creates solo parts which gratefully stretch, but do not over-tax, young singers.

What is missing is the vision that changes the pulse: the quality that still illuminates Britten's *Night's Journey*, an equally well-written piece in a demanding genre which, for total success, would seem to call for genius as distinct from talent. Joseph's score, about the quality of Joseph's music. To call on a basically Victorian style, with parlour waltzes and gallops and Gilbert and Sullivanish oompahs, makes sense at one level, since such music pervades the world the real Alice lived in.

But it is not adequate to the world of the Alice books, and one listens in vain for a hint, in Joseph's score, of the disturbing mirror angles and chop-logic craziness that makes Alice's dream world at once dangerous and vulnerable. There's one haunting moment of vulnerability in Alice's awakening song, though always agreeable, is always always catchy yet also unmemorable. It is a long way from Carroll, and a fair way from the world of children who can greedily if nervously embrace Alice's intellectual upside-downism. This is disappointing because the composer of last year's Eighth Symphony need have no reason to be scared of Carroll's tight-rope-walking absurdities.

Still, there is much to be grateful for. The children of the Leeds Children's Opera Group seem to be enjoying themselves; and that is what ultimately matters. It is a children's opera, and a children's opera should be a children's opera. Paula Bednarek sustained the quite demanding part of Alice commendably; the costumes, mostly made by the group, were a delight. Sheila Rex's direction did little to compensate for the serious, episodic nature, but Michael Grady conducted as though he found the music charming. Which it is, if a bit too consistently so.

## Albert Hall/Radio 3

# BBC Symphony Orchestra

by ARTHUR JACOBS

Still in his mid-twenties, the Hungarian pianist Zoltan Kocsis justifiably aroused the enthusiasm of the Proms audience on Monday. His dexterity and decision commanded this performance of Bartok's Piano Concerto No. 1, in which the BBC Symphony Orchestra was conducted by Charles Mackerras.

The timpanist and three other percussionists take the lead in the orchestral support of this concerto, particularly in the slow middle movement. Here a single soft stroke on a bass drum, after a long period when the instrument has been silent, is most imaginatively used as a pivotal effect. It was a moment properly realised in this satisfying performance.

The orchestra had opened the programme with a dull-grey performance of Schubert's so-called (or mis-called) "Tragic" Symphony. How timid and inexpressive were the woodwind solos, saxophone quartet (the composer marked it "dispensable only in extreme circumstances") but gained an extra trumpet and two television cameras.

How kind of Strauss to always think — give us a story to worry about (in this case the household events of his own family circle) lest we should relax or even snitch a snooze as the lush tapestry endlessly unfolds. An even better diversion is to think of other titles and other "explanations" which would do as well. It seems unfair simply to borrow the name of one of Strauss's own other tone-poems, though of course they can all be exchanged. For this particular piece I rather like the title "The Schopenhauer Question" or "Prospects for Marginal Disinvestment." With the former, Strauss's quotation of one of Mendelssohn's "Venetian boat-songs" becomes a very subtle reference indeed.

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## The squeeze tightens

EVEN AFTER due allowance has been made for all the factors which make last month's banking figures hard to interpret, the underlying message would appear to be that, with only one more month to go before the start of the three-month operative period for the application of the corset, the banks have made somewhat disappointing progress towards reducing their interest-bearing deposits, to the level above which they become liable to penalties.

## Not high

The first set of monthly banking figures to be issued after the reintroduction of the special supplementary deposits scheme was announced showed that the banks' interest-bearing liabilities—which include deposits taken from the wholesale money market and branch deposit accounts but not non-interest-bearing current account balances—had fallen by 14 per cent in the four weeks to mid-June. The latest figures, for mid-July, show not a further reduction but an increase of almost 1½ per cent. This puts them about £1bn or just over 3½ per cent above the target which, under the corset arrangement, is to apply to the average amount outstanding on the banking make-up days in the three months August to October.

Much of last month's increase can probably be put down to seasonal factors including the half-yearly crediting of interest. Unlike the full money supply figures, which are due out next week, the monthly banking figures are not seasonally adjusted. Last month would have seen, too, an increase in overseas deposits, reflecting the strength of sterling. At the same time, the shortage of Treasury Bills would have made it difficult for the banks to continue to unwind any window dressing arrangements they undertook in anticipation of the return of the corset. Even so, yesterday's figures imply an increase of probably about 1 per cent in sterling M3, the broader definition of money supply, which would have brought the growth in M3 in the first three months of the financial year to slightly above the bottom end of the range of 8-12 per cent which the Chancellor has set for the

first half-year. This is not unduly high, but it is more than the market had been generally expecting, as yesterday's reactions indicated.

Provided the corset arrangements work in the sense that they bring about the desired reduction in the banks' eligible liabilities and thus in turn exert a restraint upon the amounts the banks are able to lend, the growth of the money supply seems likely to remain within the target range for the rest of the half year. It is evident, however, that the corset is likely to pinch somewhat harder than had been expected particularly if, as some bankers are saying, the latest figures indicate that they had engaged in rather less window dressing than had been generally supposed. This means that the banks will have to put a brake upon the future growth of the advances at a time when there are some indications of a rise in industrial borrowing. The latest figures are affected by seasonal factors as well as by the switching of demand from the money market to the banks to save on interest. But the uncertainty about the underlying strength of demand for bank loans suggests that it would be unwise to expect an early move towards a reduction in interest rates, which again could have implications for industrial investment.

## Real chance

The corset was re-introduced after the excessive growth of sterling M3 in the latter part of the last financial year and the conflict between the fiscal proposals put forward in the Budget and the new financial targets had caused gilt sales to languish. The Government thereby eased the doubts about money supply growth and cleared the way for a renewal of sales of government stock. But the use of the corset, and the accompanying increase in employers' insurance contributions at a time when industrial investment was growing and profits were likely to be squeezed, did nothing to ease the prospect of the Government going after most of the available credit in the economy at a time when there seemed to be a chance of some recovery in the private sector.

## Racial reform in Rhodesia

RHODESIA'S LATEST move to limit racial discrimination does not go as far as expected and will almost certainly fail to satisfy the majority of the country's black population. It is true that the transitional Government has now formally ended discrimination against blacks in public places such as hotels, restaurants, cinemas and theatres. But this snatches very much of tokenism. In the first place, few managements have recently been exercising their right to bar blacks from cinemas and restaurants. In the second, yesterday's executive council statement made no mention of ending segregation in the key areas of schools, hospitals and residential zones.

## Surprising

Bishop Abel Muzorewa, one of the three African leaders supporting the interim settlement, has nevertheless welcomed yesterday's decision. That is somewhat surprising in view of his recent public warning that the interim Government's failure to act decisively on racism has been costing it international support. The blacks have been demanding the immediate repeal of racial laws in the fields of health and education, but yesterday's statement did not even include the expected declaration of intention to take action. It can only be assumed that Bishop Muzorewa's approval has been bought by private promises that something will soon be done. But there is little time left.

Of course Mr. Smith does not want to upset the white population too much when he still has to secure their support for the proposed new constitution in the referendum. There are also obvious practical problems in the absence of the extra hospital beds and school places that desegregation would make necessary. It is, on the other hand, no use trying to delude the whites about the consequences of moving to black majority rule by the end of the year. Whatever turn events now take, it is quite clear that the old days of white privilege are numbered. Declining white morale and the high rate of white emigration are both signs that this is now increasingly

widely recognised, inside the country as well as outside it. If the interim settlement is to succeed in its aim of attracting widespread black support, the whites must make it quite clear that they are serious about the introduction of a genuinely multiracial society. After so many last-minute about turns by Mr. Ian Smith, it is understandable that many blacks should remain sceptical as long as he retains a firm grip on the levers of power. Nor is it conducive to the settlement's credibility when Mr. Smith is reported as believing that it is still possible to postpone the elections he has set for early December and the independence date of December 31.

The fact of the matter is that, as things now stand, it will be difficult for Mr. Smith to substantiate claims that the interim Government is capable of staging a free and fair election. Patriotic Front guerrillas are roaming wide areas of the country and the movement's leaders have sworn to disrupt the elections to the maximum extent possible. In Salisbury there seems to be increasing awareness of the internal settlement's deficiencies.

## Conference

The problem is that there is little incentive for the Patriotic Front leaders to participate in a peaceful settlement one way or the other. If the internal settlement succeeds in establishing a new Zimbabwe Government, from which they are excluded, they will calculate that force is the best way of overthrowing it. But they will not want to come to the negotiating table if the internal settlement is manifestly on the brink of failure. In the absence of the extra hospital beds and school places that desegregation would make necessary, it is on the other hand, no use trying to delude the whites about the consequences of moving to black majority rule by the end of the year. Whatever turn events now take, it is quite clear that the old days of white privilege are numbered. Declining white morale and the high rate of white emigration are both signs that this is now increasingly

That is why Dr. David Owen is right to continue to make every effort, hopeless though it may seem, to bring all the parties to a conference, by itself, take it is quite clear that the old days of white privilege are numbered. Declining white morale and the high rate of white emigration are both signs that this is now increasingly

## Mr. Chapple comes to the aid of the silent 'phone makers

BY JOHN LLOYD

"FRANK CHAPPLE is deluded," snapped Mr. Bryan Stanley, general secretary of the Post Office Engineering Union, commenting on his fellow general secretary's heretical but forthright espousal of free market principles in the telecommunications apparatus business. But Mr. Chapple's revisionism is hardly surprising. First, he has made it clear in the past that he is not averse to capitalism; second, he is under pressure.

He is, as he sees it, defending the jobs of his members in his 420,000-strong Electrical and Plumbing Trades Union. The fact that the way in which he chooses to do so puts him squarely on the side of some manufacturers, telecommunications managers and Sir Keith Joseph does not appear to deter him one bit.

Predictably, he bases his arguments on the case of the U.S. "The interconnection industry in America has already provided jobs for many of the people who were thrown out of work and has provided useful extra facilities to both private and commercial telephone subscribers. They have managed to deal with the problem by allowing freely the interconnection of any kind of apparatus on to the public switched network. By apparatus I do not mean just the telephone handset itself, but also FAX and internal exchanges, data and radio equipment, facsimile and teletext equipment and all sorts of other equipment for particular user requirements."

The lobby for "interconnect" in Britain, which Mr. Chapple now greatly strengthens, has been growing in size during the past year. It gets its name from the U.S. where in 1968 the Carterfone company won a decision against the AT & T monopoly in subscriber's equipment. Carterfone, as a result of the judgment, was allowed to "interconnect" its equipment with the AT & T trunk network.

Last year, Mr. John Stanley, chairman of Aircall, the car telephone service, formed an anti-Post Office monopoly alliance called the National Association of Radio Communications Services as a lobbying vehicle for interconnect. He claimed converts on both sides of politics. Already converted were the telecommunications managers, who look after the communication needs of the larger companies and who reaffirmed support for interconnect at their annual conference last year.

Also inclining to the same side were two multinationals with substantial bases in the UK: IBM and I.T.T. Both are developing wider ranges of products—PABXs, data terminals, handsets—which are crying out for markets. Their evidence to the Post Office Review Com-

mittee (Carter Committee) was largely concerned with making a case for interconnect. Carter was cautious—"we do not feel able to define a new boundary without a more detailed study of the effect that a change would have on subscribers and on the service"—but recommended liberalisation of the small PABX market as a trial.

Sir Keith Joseph gave notice that the Conservative Party was also to have a place on the bandwagon in April, when he promised that one of the "earlier pieces of legislation" of a Conservative government would be the liberalisation of the supply of telecommunications equipment. Sir Keith, indeed, went one step further and said that the Conservatives still had an open mind about whether or not to open the postal service to free enterprise.

This week, Mr. Chapple adds his voice. Characteristically, it is a loud one: "It is quite right that the Post Office should continue to have for rent or sale the completely standard types of equipment, but it is quite wrong to expect that the Post Office will be able to provide the vast variety of equipment that the public will wish to be available, and quite wrong, too, to prevent the user from having the maximum choice and availability."

Mr. Chapple argues that the Post Office has already conceded the principle of interconnect. "It allows the main television manufacturers to interconnect the modems (modulator-demodulator) for interconnection with the public switched network of all television teletext receivers. If it is accepted that the television manufacturers are perfectly competent and responsible, we cannot see why it should be assumed that the telephone manufacturers, who have much more experience and knowledge in the field, are not as competent and responsible."

## 'It is left to my union'

He repeats the view that competition in the UK market would make the telecommunications companies more viable in the export markets. "A free interconnection policy would make it much more possible for manufacturers in this country to obtain a home market for goods that they could sell overseas without necessarily having to convince the Post Office that the goods they required should be altered. Similarly, the availability of some imported equipment would have the effect of keeping our manufacturers up to date."

"Unfortunately, the manufacturers themselves seem inhibited by their fear of offending the Post Office by speaking out loudly and pub-



Two trade union leaders in conflict: Mr. Bryan Stanley and Mr. Frank Chapple.

licly on this subject. It is left to my union to see that the issue is raised publicly. In the past, our manufacturers have exhibited many of the unfortunate and defensive characteristics of a cartel. This is natural, in that they were protected for many years by the bulk supply agreements, and one should not be surprised that they should have an unhealthy fear of foreign competition.

"I would have thought it possible to make quite sure that we do not suffer unfair competition from the Far East. In the Common Market, competition would be fair in that the other European manufacturers suffer from the same kind of drawbacks and difficulties that we do ourselves."

But the issue which has exercised Mr. Chapple, and the reason for his stance, is unemployment among his members. All the three major telecommunications suppliers—General Electric, Plessey, and STC—have cut back staff, and will continue to do so. Current estimates are that around 6,000 more jobs are at risk.

This trend will accelerate as the electronic switching system, System X, comes on stream in the 1980s. System X, in common with all electronic exchanges, requires far fewer workers in its manufacture, because the moving parts in the electro-mechanical systems—which still predominate in the UK network—are replaced by solid-state circuitry. Mr. Chapple fears a big loss of members.

"My union represents the majority of people working in telecommunications manufacture and for them the problem is greater than for the Post Office engineers because it is

more immediate. If one assumes that System X exchanges will be appearing in two years' time, then from that date the bulk of the telecommunications manufacturing industry will be changed over to the new technology.

"In contrast, most of the network will continue to use existing exchanges during the next 20 years and thus the engineers in the Post Office will be affected by the new technology to a relatively small extent in the near future."

The way to claw back these disappearing jobs, Mr. Chapple argues, is by "liberating the market." Under the stimulus of competition, more and better equipment would be produced, and both the Post Office and the manufacturers would serve an increased demand.

The U.S. provides a useful lesson in this regard, though possibly a more complex one than the supporters of interconnect generally assume.

Since the Carterfone judgment 10 years ago, "Ma Bell," as AT & T is known, has been gradually losing more and more slices of its monopoly business in the apparatus market. A variety of small companies began to establish themselves, selling specialised telecommunications products. AT & T, perforce, had to develop a marketing approach: four years ago it launched its Design Line of phones (various styles, including recently a Mickey Mouse shape) and began to open Phone Stores (there will soon be nearly 2,000). The market is booming: an AT & T executive recently estimated that the domestic apparatus market alone would go up as much as ten-fold during the next decade, from around \$5bn now

to \$55bn and more. Not all of that growth, of course, is simply in handsets: for example, remote control heating, water heating or ovens can be turned off or on by simply dialling a number—a technical feasibility, and that means it will be marketed.

But the changeover from a "service orientated" to a "market orientated" company has not been achieved without pain. Mr. John deButts, the AT & T chairman, testified last year to a Senate subcommittee: "The service motivation has been bred in the bones of telephone people over the course of 100 years. To supplant that motivation with a market motivation might make us a no less profitable business and a no less effective one, though by different standards."

Mr. deButts' argument is one at the core of the interconnect controversy, and it demonstrates that both sides to the argument use the same criterion to justify their position: the customer. For the marketeers, the customer's demand must be satisfied. For the monopolists, the standard of service which the customer deserves is crucial. (Both tend to be reticent about the profits they assume they will make either by controlling the market, or carving slices out of it.)

Mr. Brian Stanley, of the Post Office Engineering Union, naturally is on the service side of the argument. "What this is demanding of Frank Chapple's party,

would do would be to take money out of the telecommunications business, money which at the moment is ploughed right back into the business. That would mean a decline in the service itself, or the customer will have to find more money to maintain the quality of the service, and to finance its expansion."

Mr. Stanley dismisses Mr. Chapple's claim that the Post Office is already moving towards interconnect. "You can't compare allowing modern connection with direct interconnection with the network. At the moment, customers can lease a private circuit and they can interconnect to that. That isn't direct connection: the principle of not allowing direct interconnection with the public network remains."

The Post Office agrees with Mr. Stanley—even though Mr. Chapple has been smiling winningly at them, saying that the top management "is much more liberal and progressive... they will see the advantages of adopting a completely liberal policy." For the moment, they do not. Neither Sir William Barlow, chairman of the Post Office, nor Mr. Peter Baxton, managing director of P.O. telecommunications, are about to allow the manufacturers to undermine a monopoly which is now profitable and whose breach would outrage their employees. That would be too much like fashioning a scourge for their own backs.

Instead, they have fashioned another. Last month, Sir William announced that telephone charges would go down by 5 per cent a year in real terms for the next five years—a large promise on top of a target return of 6 per cent on net assets.

This, obviously, is the hallmark of the Barlow/Baxton approach: be seen to be customer-conscious. The Buzby campaign, and the Tommy Steele commercials, are part of the same approach. The Post Office must be shown to be the Caring Monopoly, to do what AT&T have been forced to do under pressure from competitors by reproducing that pressure within its own vast organisation.

In the end, the dichotomy between giving service and serving demand which are the rather simplistic terms in which the argument is couched may be decided politically. Mr. Stanley underlined this when he commented that he found it surprising that Mr. Chapple should support a Conservative demand. "The trade unions will not support the return of a part of the public sector into the private sector." The power implicit in that undoubtedly correct estimation has yet to be challenged by a political demand of Frank Chapple's party.

## MEN AND MATTERS

## From Russia for love and money

Any young man of romantic disposition who has a mind to become engaged should waste no time about it. The 30 per cent rise in diamond prices announced yesterday by De Beers will work through to the jewellers' shops within a couple of months. That is what I am assured by Ratners, the multiple retailers, who concentrate on what they engagingly call the "bread and butter" of the trade. "If you want to buy a thoroughly expensive engagement ring, there may be a little extra time, because stocks move more slowly in Bond Street and thereabouts."

The cost of a diamond ring has at least quadrupled in the past ten years (the same cannot be said for the insurance cover most people have). The rising price of gold will also push jewellery prices up. All of this is gratifying for the Russians—it's an ill dollar that blows nobody any good. Gold sales

from the Soviet Union amounted last year to 410 tons, which at \$206 an ounce would net them around \$2.8bn. But their diamond sales, made through London, are wrapped in secrecy. Until the sixties, the Russians had a marketing contract with the Central Selling Organisation, run by De Beers. But it seems that there are no figures on how much the Soviet stones sold to the West are worth. The state exporters in Moscow will reveal nothing—but are doubtless smiling contentedly now at the idea of being 30 per cent better off in dollar terms.

## Flying spears

Some problems are being encountered by Kenya Airways in giving free flights to the Mombasa Coast to red-blooded Masai tribesmen, who have never been up in the air before. The Masai are anxious to take their spears into the planes: no self-respecting warrior is ever seen without his spear, and sometimes he carries two. Airline food may also be a difficulty: the Masai usually live on blood and milk.

Trips to the sea are part of the Kenya Government's attempts to bring the 300,000 nomadic Masai into the "modern sector" and persuade them to settle down and grow crops. But the airline is not too hopeful that the experiment will provide a new source of fare-paying passengers in the immediate future.

## Battle weary

In Jersey tomorrow, 80,000 holidaymakers will be revelling in the island's annual Battle of Flowers. But a segment of the

local population will view the festivities with jaundiced eyes: they had hoped to escape from them around \$2.8bn. But their diamond sales, made through London, are wrapped in secrecy. Until the sixties, the Russians had a marketing contract with the Central Selling Organisation, run by De Beers. But it seems that there are no figures on how much the Soviet stones sold to the West are worth. The state exporters in Moscow will reveal nothing—but are doubtless smiling contentedly now at the idea of being 30 per cent better off in dollar terms.

Bookings flooded in, then the whole scheme was stymied because of the recent turmoil in the airways—the travel agency could not hire a plane to fly out the natives. Will there be another attempt next year? "Most definitely," I was told. "When you've seen one battle of flowers you've seen them all."

## MPs' count-down

As was demonstrated yesterday in this column, the Mother of Parliaments is more assiduous—or prolix, depending upon how you regard it—than any of its EEC counterparts. British MPs spend three times longer together than do French deputies, and five times longer than the Abgeordneten in the German Bundestag.

The contrast becomes far more remarkable if relative salaries are examined. Viscountess Alton, a dedicated British MP, will spend 1,528 hours at Westminster for \$5,270 a year—a rate of \$4.10 an hour. West Germany pays its parliamentarians \$22,700 a year, and the Bundestag sits for 310 hours a year. That works out at \$72.50 an hour. A Belgian MP who receives £21,500, runs close second at £70.03 an hour, with the French third, but well behind, at \$41.17.

Such values placed upon the services of their opposite numbers may stum our hon. members. Even the Irish, whose efforts work out at \$3.50, must be objects of envy—and still more the Italians, whose

\$10,500 a year for 606 hours in the chamber comes to £17.32 an hour.

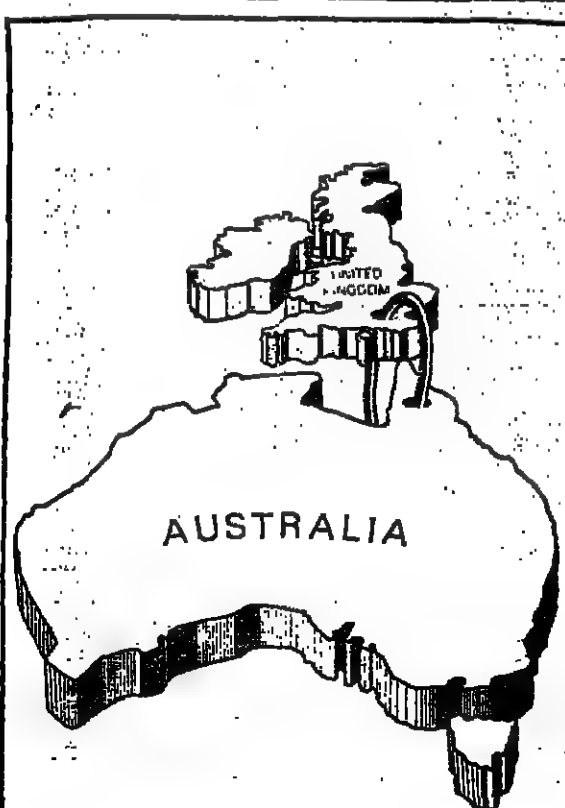
How even the lesser German politicians judge their own worth may be gauged from the current fracas in Rhine-Westphalia. Members of the regional parliament have been pressing for new rates of pay: £20,400 a year basic, plus £11,400 tax-free allowances, and a pension of £15,000 a year after 15 years' service. There was some public protest, so the MPs are now studying a compromise that would reduce these figures by 10-15 per cent.

Given the prospect of such Continental largesse, it is small wonder that the European parliament is a lure. A Strasbourg committee last year suggested that its directly elected members should get £35,000 a year: although this has been modified to avoid too much chagrin at Westminster, the Euro-MPs may well receive about £10,000 a year after tax, plus massive allowances.

## Ham and air

Ham and nitrogen sandwiches have vanished as quickly as they arrived. Packaging food by a method that removed all oxygen from within the Cellophane wrapper was promoted recently as an idea to lengthen shelf life. In the U.S., the method was adopted by the National Railroad Passenger Company, but this has been stopped by the Food and Drug Administration. Properly handled, the technique should be little trouble, said the Administration—but we are concerned at the ability of the railroad company to do this. Any traveller on British Rail can only agree.

Observer



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John Collier

# The bursting North Sea bubble

CHEMICAL COMPANIES have tried hard in recent months to dispel the vision they helped create in the mid-1970s. Until 1976 they were willing to go along with the Government planners and the trade unions to depict a UK petrochemical industry thrusting forward into an era of unmatched expansion fuelled by the unexpected resources of oil and gas feedstocks from the North Sea.

If the country was to gain full benefit from this access to domestic sources of petroleum, much would depend on the chemical industry's ability to add value to the basic feedstocks by transforming them into a wide range of petrochemicals for manufacturing plastics, synthetic fibres and a host of other products.

The vision was hit first by the failure of Western economies to climb quickly out of the recession that followed the quadrupling of oil prices in 1974. An industry that was ready to gear itself for another period of rapid expansion was faced by falling growth rates, low demand, serious overcapacity and weakening prices.

These have become the hard facts of the chemical industry's market place in Western Europe and are a formidable barrier to the any purely national aspirations. But it has taken longer for a sense of proportion to be injected into the other side of the equation, namely the question of what feedstocks are actually available for rapid expansion of the petrochemical industry. The recent publication of the long-awaited Gas Gathering Pipelines Report has gone some way to redress the balance.

To see just how dramatically the picture has changed in less than two years it is useful to recall the policies that were being endorsed as late as November 1976 by Mr. Eric Varley, the Industry Secretary.

Referring to work carried out by the petrochemicals sector working party (which includes representatives of the major chemical companies, the chemical industry trades unions and the Department of Industry) Mr. Varley laid out his policy in the House of Commons as follows:

The Government endorses the report of the sector working party which foresees the construction by 1985 of four new ethylene crackers in the UK in addition to the cracker at present under construction. This would meet the expected UK growth of consumption and stocks, a major contribution to a wide range of petrochemicals for manufacturing through exports.

## Premium

A key factor will be the availability of ethane and other associated heavy natural gases from the North Sea oil fields. We see ethane as a premium feedstock for ethylene manufacture which could lead to further petrochemical expansion.

Ethylene is the most important basic petrochemical and an ethylene plant, which today must cost in excess of £200m, is at the heart of modern petrochemical complexes. The ethylene plant is usually the trigger for the establishment of a wide range of downstream user plants for the manufacture of a wide range of products from plastics and synthetic fibres to detergents, paints and anti-freeze.

Mr. Varley made clear at the time that estimated North Sea reserves of ethane could provide feedstock for at least another four to five ethylene crackers. The availability of ethane could therefore be the key factor in the development of the British petrochemical industry.

The Government has still not

changed its stance publicly and that remains Mr. Varley's last detailed policy statement on the chemicals industry. But the facts have changed rapidly.

The amount of ethane that will come ashore is dependent on what sort of gas gathering pipeline network is finally built. But the needs of the petrochemicals industry are a secondary issue. The economics of such a system rest almost entirely on whether it can be justified in terms of the natural gas (methane) that will be secured. The merits of such a system cannot be judged by petrochemicals demand.

The company that produced the pipelines report, Gas Gathering Pipelines (North Sea) was formed out of a consortium of the British Gas Corporation, British National Oil Corporation, British Petroleum, Imperial Chemical Industries, Rio Tinto Zinc and Elf-TOTAL. The Government, having set the company's remit, has challenged some of its findings for not being sufficiently ambitious. But the report is nonetheless the most recent study of the subject and its conclusions have important implications for the development of the petrochemical industry.

The report rejects the building of a 15bn pipeline network to gather gas from scattered fields where gas would otherwise be left in the ground or flared if produced along with oil. Instead, the report comes out in favour of two mini gathering systems that would link several fields with the existing pipelines from the Frigg and Brent Fields. Its calculations on petrochemical feedstocks are based on this latter conclusion.

Ethane is the most important potential chemical feedstock, because it has few alternative uses.

At present, far from the four crackers envisaged by the Government in 1976, only one is being planned and no final commitment to even this project is expected before the end of the year. This plant has been proposed by Esso Chemical for a site at Mossburn, in Fife, and would use ethane from the Shell/Esso Brent Field. The £250m project has still not received final planning permission from the Scottish Office, which has been lobbied hard by local groups, objecting to the plant on safety grounds. Esso Chemical is planning a 500,000 tonnes a year plant, but has yet to decide whether market demand can justify such a timing would come on stream in 1982-83.

Gas Gathering Pipelines considers that on the basis of discussions with petrochemical companies and assuming the Mossburn plant is built, there is unlikely to be a requirement for another new ethylene plant in the UK even by 1985. Even disregarding market, it does not believe that the additional volumes of ethane coming ashore via the proposed Brent and Frigg systems would be adequate to supply another ethylene plant until the early 1990s.

## Gas grid

However, as the graph shows, much of the ethane under present plans would go to British Gas to bring gas for the national grid up to the right specification.

It is possible, though expensive, for some of the ethane to be replaced by heavier gas liquids. If this happened, then sufficient quantities — 800,000 tonnes a year — could be made available for 15 to 20 years for a petrochemical development.

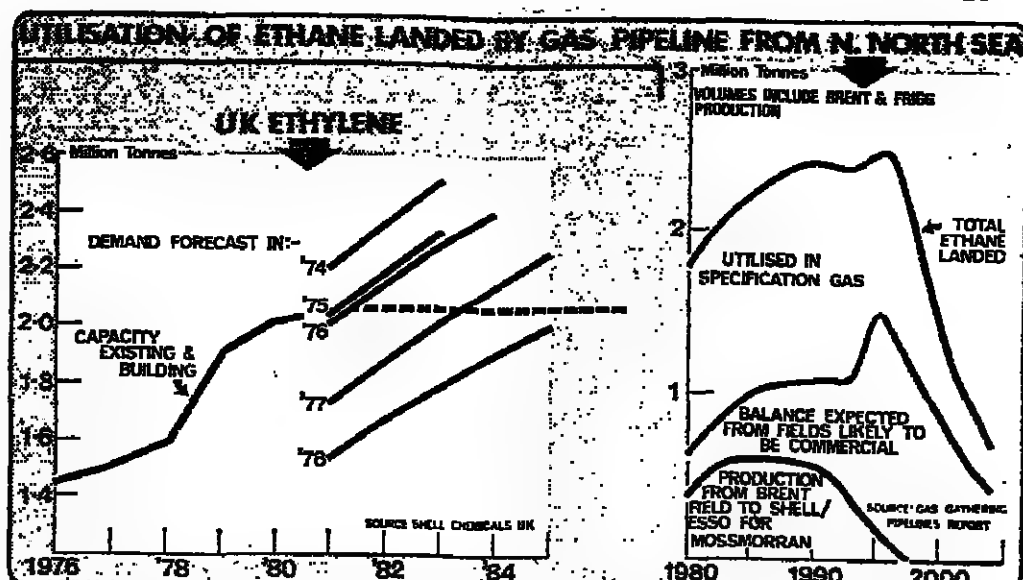
But there are other drawbacks. Ethane-based ethylene plants produce only ethylene and are not suitable for producers who also require for their markets the co-products such as propylene and butadiene that come from the use of heavier feedstocks, especially naphtha, the traditional ethylene feedstock in the UK.

There are also other disadvantages of using ethane, says the report, "particularly the dependence of supply on gas demand and the uncertainties of any offshore-based system. The economics of ethylene production from ethane in a UK development area, allowing for capital grants, are however, attractive for companies requiring to produce ethylene only."

Gas Gathering Pipelines says that its discussions with potential investors have indicated that, if there were a market, some companies would be interested in ethylene production based on gas-gathering supplies. But they would require a reasonable guarantee of a source of supply in sufficient quantities over a long enough period to justify the capital investment in downstream plants.

GGP calculates that there could be as much as 74m tonnes of ethane available over the years 1976 to 2015, but only 59m tonnes is judged to be contained in gas that will prove economic to collect. As a petrochemical feedstock, ethane would have to compete with naphtha and to a small extent gas oil in the market. There is no merchant trade in ethane, as exists for propane and butane, but GGP has derived a value of £77 a tonne for ethane by relating it to the value of ethylene produced from naphtha in Northern Europe.

As far as the other potential



petrochemical feedstocks are concerned, namely propane and butane, GGP points out that very real alternative uses exist for these feedstocks. Both could find ready outlets in the fuel markets of the U.S. and Western Europe. Shell, for instance, has already committed some of its propane and butane (liquefied petroleum gases) from the Brent Field to the North American fuel market.

Propane recovered from the Frigg system would vary in amount between 500,000 tonnes a year and 1m tonnes a year from the mid-1980s to the end of the century. Such quantities would scarcely be enough to support the setting up of a local ethylene plant based on propane alone, says the report. But there could be sufficient supplies for a long enough period to feed an ethane/propane cracker if it is justified by ethylene demand. The volume of butanes that would come ashore under the GGP scheme — 50,000 tonnes a year until the early 1990s rising to a maximum of 400,000 tonnes a year in the mid-1990s but falling away to 50,000 tonnes a year shortly after the year 2000 — would not support large-scale petrochemical production, says the report.

If the feedstock position is hardly as rosy as Mr. Varley painted it less than two years

ago, the market outlook for basic petrochemicals is far gloomier.

From 1960 to 1973 the annual growth in ethylene consumption averaged more than 20 per cent for West Europe. Even in the UK it rose by 11 per cent a year. Growth from 1973 to 1985 in Western Europe was projected at 9.5 per cent a year and it was on this basis that the UK industry felt that it could go along with the aspiration of building four new crackers in the UK by 1985.

## New plants

Such a growth rate has never materialised. Plants in Europe are presently operating at only about 70 per cent capacity. And marketing studies in 1977 showed that by 1985 there could be a need for only about four new plants of 500,000 tonnes a year capacity in the whole of Northern Europe.

As the graph produced by Shell Chemicals 'UK shows, there is already sufficient ethylene capacity in the UK to meet demand until about 1985, even without the Esso Chemical cracker at Mossburn and certainly without any additional plants. The latest estimates produced for the petrochemical sector working party suggest a UK demand rising from 1.15m tonnes in 1977 to 2m tonnes in 1985.

This compares with the 1975 estimate of 2.8m tonnes demand by 1985.

The other major strand of the UK's petrochemicals strategy has been to investigate ways of boosting production of the downstream ethylene products, especially plastics.

A report was prepared by the consultants, McKinsey, suggesting ways of improving the UK's penetration of EEC markets based again on major investment in new plants. But the Government has recently admitted to the petrochemical sector working party that it believes that the continuing recession puts back all the calculations calling for extra investment in new plants by at least a year.

The Government is still anxious to pursue petrochemicals developments with the utmost vigour, which explains the serious attention it gives to any new proposals, including Crumarty Petroleum's latest plans for a petrochemical complex on its land bordering the Crumarty Firth. This is the site where it appears to have abandoned plans for a refinery. Its plans might appear over-ambitious and even outlandish, but they are guaranteed serious consideration at a time when the UK's overall petrochemicals strategy is beset by major uncertainties.

## Letters to the Editor

### A chip on our shoulder

From the Managing Director AB Controls and Technology.

Sir, I trust that you will allow me to reply, not only to Dr. Mackintosh (August 3), but also to make several observations on the somewhat contentious relations between the Board of Engineers and the Institution of Mechanical Engineers.

Obviously, Dr. Mackintosh is absolutely right in his assertion that we need our own integrated circuit industry and all that goes with it. This is not just the point though for having established the need, it is a question of how to fulfil it.

I am sure that many people, Sir Keith Joseph, J.C. Akerman, Sir Arnold Weinstock to name but a few, have gone on record as expressing doubts as to the magnitude of investment actually required. It is highly likely that to establish such an industry will cost several times the NES's £20m.

What has happened to the Government's principles? How can it in the midst of all its "chip-squeaking", "highly taxing" and "levelling" device policies, subscribe to what is nothing but a flagrant case of exploitation and capitalisation? Is it that their attitudes are changing?

I know that something has gone on record to the effect that the three "w" kids are putting some of their own cash into the venture, what a wonderful situation when one can start a business in our lovely entrepreneurial society and stand to win some tremendous rewards with little risk! There are many like me — not I stress, casting the green eye of envy over the scene — looking genuinely at the ethics and sheer lack of apparent justice of such a situation.

Surely there are many development engineers in our own country worthy of support? "Stop!" Dr. Mackintosh will say, the technology is not here! We are doing it all from operation! So what then is the observation? Simple! Go west young man, acquire some technology at another company's expense and come back to the UK like Sir Francis Drake!

After such a blaze of publicity, what are the American "parent" companies going to do about it? For certain they will not just sit there and give their accord — because as I have been somewhat involved in development, I appreciate that most companies — Mostek, Fujitsu, S.G.S. etc. will have some sort of "five year plan" so it was a distinct possibility anyway. Allen Bennett, Oprence Crescent, Sheffield.

### Educating engineers

From Mr. R. Headlam.

Sir, I mean that to improve status and standards of engineers, they will have to pass stiffer examinations for qualification, then he doesn't appreciate the real problem. If, however, he intends to encourage the broadening of engineers' education and experience by re-designing the training programmes, then he could expect an upswing in the quality of the profession.

Too often our thinking in education is based on the concept that high examination achievement equates with professional expertise. This is not true. It is the education course itself that diverts the quality of thinking of its students. The examinations merely determine the level of absorption and rote learning of the quality of the memory.

### Third world debts

From Mr. R. Mossert.

Sir, — With reference to Mrs. Judith Hart's announcement on July 31 that the Government is to "write off" £900m in loans given to the world's poorest countries, Egypt is mentioned among the beneficiaries with £19m.

May we draw attention to the fact that there are still a number of UK nationals owning blacked accounts in Egypt which have remained frozen and unproductive for the last 22 years.

It would clearly be in everybody's interest that HMG should now acquire these blacked accounts to meet part of its grant aid commitments, thus finally resolving this matter which has been in abeyance far too long already, and put these funds to productive use without affecting the balance of payments.

R. V. Mossert, The British Communities Association of Egypt, 203, Monmouth House, Barbican, E.C.4.

### The inland waterways

From the Chairman, Inland Waterways Association.

Sir, — The Director General Ship and Boat Builders National Federation, the Federation and the Chairman, Association of Pleasure Craft Operators.

Sir, — If action is not taken

### Spiritual dichotomy

From Mr. N. Krasno.

Sir, — Your comment (Men and Matters, August 7) on the imminent demolition of the attractive St. John's church in Reading, clearly the ways and workings of the Church Commissioners in even more mystery. When they attempt to develop All Saints, Enslinmore Gardens, or convert it into a bingo hall, rather than sell it to the Russian church in London, they claim that commercial objectives are paramount. Now, when faced with the Poles in Reading clamouring to purchase, the Commissioners prefer to demolish at a loss, citing "far reaching pastoral implications" should the sale go ahead. Sir, if the financial governors of the Church of England cannot even do this, their priorities are consistent, it is any wonder that our spiritual leaders are having such difficulty at the Lambeth Conference?

Nicholas Krasno, St. Olave's Vicarage, Woodberry Down, N.4.

### Women seeking management

From the Honorary Secretary Association of Home Economists.

Sir, — Although it is true that women are not occupying vacant managerial positions there is a growing number which sees management as a goal. To these, possibly the biggest barrier is still the climate of opinion — not all employers share William Brew's view (August 4, page 17) that women managers can benefit both employer and society.

### TV coverage of industry

From the Head of Science and Features, BBC TV.

Sir, — It was good to see Mr. Nicholas Faith's article (August 7) on the extraordinary reluctance of senior businessmen to appear on TV — given that their important role in the country's destiny is now recognised by a growing proportion of TV air-time allotted to the subjects of business and industry.

I would, however, point out that Michael Bakstad and his team on BBC's "The Risk Business" series did succeed in 307, Uxbridge Road, Acton, W3.

### Today's Events

GENERAL Treasury publishes Central Government financial transactions for July, including borrowing requirement.

TUC Economic Committee meets. Mr. Cyrus Vance, U.S. Secretary of State, due to leave Egypt and return to Washington.

High Court hearing of application by British Airways Authority to prevent airlines selling cheap stand-by tickets at Heathrow.

Singapore National Day.

COMPANY RESULTS Final dividends: Hallite Holdings: Hume Holdings, Interim dividends: Aul and Wiborg: Virginian Vignette, General Agent: Fire and Life: Glyndwed: English National Opera produce.

Mount Charlotte Investments; Bernard Wardle.

COMPANY MEETINGS British Tar Products, Cafe Royal, W. 12, Brown and Trow, Kingsway West, Dundee, 12, Chamberlain and Phillips, Manor House, Northamptonshire, 2.30, Chubb, Abercrombie, 2.30, London of Liverpool Trust, 19, Hanover Square, W. 2.30, Franklin Colquhoun Old Fields, 11.0, Old Broad Street, EC. 12, Walverhampton Steam Laundry, 150, Sweetman Street, Wolverhampton, 11.30.

OPERA English National Opera produce.

Concerts: Glyndebourne Festival Opera and London Philharmonic Orchestra, conductor Bernard Haitink, Victoria and Albert Museum, Royal Albert Hall, SW7, 7 p.m.

EXHIBITIONS Henry Moore drawings, Tate Gallery, Millbank, SW1 (until August 28).

"Sir Gilbert Scott centenary exhibition, Print Room Galleries, Victoria and Albert Museum, South Kensington, SW7 (until September 10).

Josiah Wedgwood exhibition, Science Museum, South Kensington, SW7 (until September 24).

SPORT "F. Benson and Hedges tournament, Fulford, Show jumping: Dublin meeting.

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Says Lyndon Humphries of Blaenau Gwent.

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So this is the opportunity that is waiting for new industrial development in Blaenau Gwent — a perfect location for work — close to the M4 and M5 motorways. A perfect place to live — surrounded by some of the finest unspoilt countryside in Britain, on the edge of a national park. Send the coupon below to Roger Leadbeter, Chief Executive of Blaenau Gwent, who will be pleased to contact you and discuss your special arrangements.

## BLAENAU GWENT opportunity looking for Industry-

Roger Leadbeter, Chief Executive, Borough of Blaenau Gwent, Municipal Offices, Civic Centre, Ebbw Vale, Gwent, NP23 5EX. Tel: Ebbw Vale 303440. I am interested in moving to Blaenau Gwent.

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# Plessey sees further rise despite Garrard problems

**AGAINST** A background of a major product development programme and with a record order book of £700m overall performance of the Plessey group is expected to continue on an upward trend in the current year.

Sir John Clark, chairman, tells members that vigorous action is being taken to deal with the problems of Garrard but continuing losses here will depress results, especially in the first half. From then on, however, he expects overall performance to show the ability to show improvement on the growth pattern of 1977-78.

The chairman reveals that in the telecommunications sector the largest development programme ever undertaken by the group is being carried out. The group is moving forward rapidly with large scale production of the electronic TX14 telephone exchange and pushing ahead with major switching equipment for systems. This concerns the conversion of the British network to all-electronic digital operation which will take about 10 years to achieve effect.

Sir John says that the private systems field is another major area of new development and already the order book for the Plessey TXS exceeds £50m.

He points out that two years ago the group's UK telecommunications business suffered further major reduction in orders for telephone exchange equipment. This caused substantial problems and because the cuts affected future orders the consequences are still being carried into the current year.

In electronic systems, Plessey's fastest growing sector, Sir John says that one of the strongest contents is in the world for future military business, which over the next decade can be assessed in hundreds of millions of pounds.

Looking at the group overall he forecasts a new era of sales and profit opportunity.

As regards 1977-78 the chairman reports that the group had a good performance, across all group generally and excluding

## BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official notices are not available whether dividends are to be paid or not. The sub-divisions shown below are based mainly on last year's timetable.

**TODAY**

Anglo-International Travel Trust Aug. 10  
Dunlop-Ford Aug. 10  
Glenfiddich Aug. 10  
Imperial Chemical Industries Aug. 10  
Stanley (A. & C.) Aug. 10

**TUESDAY**

Anglo-International Travel Trust Aug. 11  
Dunlop-Ford Aug. 11  
Glenfiddich Aug. 11  
Imperial Chemical Industries Aug. 11  
Stanley (A. & C.) Aug. 11

**WEDNESDAY**

Anglo-International Travel Trust Aug. 12  
Dunlop-Ford Aug. 12  
Glenfiddich Aug. 12  
Imperial Chemical Industries Aug. 12  
Stanley (A. & C.) Aug. 12

**THURSDAY**

Anglo-International Travel Trust Aug. 13  
Dunlop-Ford Aug. 13  
Glenfiddich Aug. 13  
Imperial Chemical Industries Aug. 13  
Stanley (A. & C.) Aug. 13

**FRIDAY**

Anglo-International Travel Trust Aug. 14  
Dunlop-Ford Aug. 14  
Glenfiddich Aug. 14  
Imperial Chemical Industries Aug. 14  
Stanley (A. & C.) Aug. 14

(£2,280); consumer electronics £21,400 (£18,400) and loss £5,104 (£5,058).

At the year end there were capital commitments contracted for of £9.48m (£8.85m) and a further £11m (£12.03m) authorised but uncontracted. It is pointed out that claims totalling some £5m have been made by customers in respect of contracts which have been terminated. These claims are being contested.

Group borrowings, including loan capital, amounted to £32.2m at the year end. This was an increase of 7.6 per cent, almost identical to the increased sales volume, the chairman says.

Current assets of the group at £142m, compared with current liabilities of £27.7m, provides a "very satisfactory" ratio of 1.51 at the year end.

A source and application of funds statement shows a decrease in short term deposits, bank balances and cash of £2.49m (£2.53m) and an increase in short term borrowings of £15.61m (£11.66m). At the year end short term deposits stood at £11.61m (£16.55m), bank balances at £5m (£2.75m) and short term borrowings amounted to £24.47m (£22.57m).

During the year goodwill of £30.4m has been written off to reserves, partially offset by deferred tax of £17.77m.

Research and development expenditure in 1977-78 totalled £75.51m split as to £11.57m on patents funded and £54.33m on customer funded (£52.58m split as to £15.05m and £47.53m).

£100m of the highest paid director, amounted to £100,182 (£90,361). Included in total emoluments is £10,000 payment to a former director as compensation for loss of pension rights.

Under the heading of political contributions the group gave £25,000 to British United Industrialists.

Meeting, Milbank Tower, SW, September 1 at noon.

## BIDS AND DEALS

# Bassett enters TV games war

The latest company to move into the fast growing television games industry is G. Bassett, the confectionery manufacturer and distributor, which has picked up a 75 per cent stake in Adam Imports for an initial cash consideration of £3m.

The deal comes just over three weeks after John Waddington announced that it had acquired another TV games company, Videomaster, at a cost of around £700,000.

On top of the initial consideration of £3m, Adam has agreed to pay a further 60p for every pound of pre-tax profit, above £500,000, earned by Adam in the year 1978.

In the nine months to December 31, 1977, Adam earned pre-tax profits of £405,050. Net assets attributable to Bassett's 75 per cent holding are said to be £225,295.

Bassett has acquired its stake in the privately owned company from Mr. Chris Bycroft and Mr. Leslie Kanyon who will retain a 25 per cent stake in Adam. The company imports and distributes TV games under the brand name of Grandstand.

This is the third acquisition that Bassett has made in the toys and games industry in the last 12 months. Last year it acquired Hales the importer of model kits and toys for £750,000 and earlier this year the company bought the Remus toy and play kits business from the Mars group for £425,000.

The Department of Trade has not yet completed its inquiries before giving its consent as required under the Insurance Companies Act 1974 for Hall's ownership of the World Marine and General Insurance Company, a wholly owned subsidiary of Leslie and Godwin.

This formality is expected to be completed in about two weeks.

So for the moment Hall is not declaring the offers unconditional, and the date of the offer is now extended to August 21.

## Frith chief says offer is generous

The new offer from Frith Fells for W. G. Frith (S&P) against the original 70p is described as "generous" by Mr. Stephen May, chairman of W. G. Frith in his capacity as a shareholder.

Mr. May said that the offer to accept the earlier offer which he believed fair and reasonable and in the new letter he explains why he held that view.

In large part Frith's "variable" trading history is the key. Mr. May says that this "uneven" pattern has continued into the current year with the first five months trading lower than for the comparable period. Hence an exit price of 7.9 on historic after-tax earnings seemed reasonable to him and his advisers.

Additionally, the original offer, he believed, fully reflected Frith's surplus on revaluation of the property owned by Frith, which was taken into account.

The increased offer, according to Mr. May, now represents an offer of 8.7, and a premium over net tangible assets at February 28 (excluding the property revaluation) of 3.5 per cent.

May again urges shareholders to accept the new offer and warns that it is unlikely to go unconditional unless Frith receives acceptances from 90 per cent of the class (or 181,700 preference shares).

The Office of Fair Trading has confirmed that it will not refer the offer to the Secretary of State for Consumer Protection, and necessary consents have been received from the Bank of England.

## LESLIE & GODWIN TAKEOVER PROGRESSES

Frank R. Hall, the U.S. insurance broker which made a £25m bid for Lloyd's broker Leslie and Godwin, has received approval for his bid from the U.S. Securities and Exchange Commission.

The Office of Fair Trading has confirmed that it will not refer the offer to the Secretary of State for Consumer Protection, and necessary consents have been received from the Bank of England.

# Over half Trident holders to reject chairman's bid

NEARLY 60 per cent of shareholders in Trident Group Plc, which is the subject of a £3p share bid from its chairman Mr. Remo Dipra, have announced their intention to reject the offer.

In a document sent to shareholders yesterday, Mr. A. M. Carey, the deputy chairman, calls the offer "opportunistic".

He and the other independent directors believe the bid is a "disgrace" to the company, because of its statement that he would like to see it after direction away from being predominantly a printer and publisher.

E. J. RILEY, DIVERSITIES

E. J. Riley Holdings has acquired Andor Arts, a private company operating china and glass retail shops on the south coast of England. The move is a significant diversification for Riley whose principal activities are the manufacture and maintenance of snooker equipment, the operation of snooker clubs, and the production of household furniture.

Andor Arts, formed in 1965, has premises in Southampton, Winchester, and Bournemouth. Its profit for the year ended April 30, 1977, was £44,174, and for the 10 months to February 28 this year was £43,926.

The consideration is a mixture of cash and ordinary shares under a formula based upon Andor's pre-tax profits for the years ending July 31, 1977 and 1978.

Minimum consideration is £150,000. The maximum payment possible under the formula is £250,000 plus the allotment of 480,000 Riley ordinary shares.

planning angle which is still delaying detailed planning permission. Once that was given, on the other hand, the development could be completed, the scheme could be worth £7.5m.

That sequence of events, however, is likely to take several years. The valuers, Bonser Penningtons, think a development could take four years in building and in any case the Board has warned that it will retain the printing works for at least five years.

Finally, the independent directors question the benefits to Trident's employees if Mr. Dipra takes over the company, because of his statement that he would like to see it after direction away from being predominantly a printer and publisher.

# Chaddesley share price reaches 44p on relisting

Chaddesley Investments, now under the wing of Mr. Stuart Lipton and Mr. Geoffrey Wilson's Greycoat Investments, lived up to its advance billing as the first of the new property group's shares yesterday. The shares, suspended before the Greycoat approach at 18p, soared up to 44p on their relisting.

Greycoat has now completed the stage of its effective reverse takeover of Chaddesley as shareholders have sanctioned the acquisition of Mr. Lipton and Mr. Wilson's private property group for the issue of 2m new Chaddesley shares, and only 5.28 per cent of the group's holders accepted the purposefully unattractive 18p share alternative cash offer required by stock exchange rules.

Greycoat and its principals, who picked up a 98 per cent shareholding in Chaddesley from its former principal shareholder, Compagnie Auxiliale pour l'Industrie, now controls 70.74 per cent of the combined group's shares.

Once the market price has settled down, shares will be placed to bring this holding down below the 65 per cent that would force the group into "close" company status.

MFI NEW BRANCH

MFI Furniture Centres has agreed to purchase the capital of Stedham and Son of Torquay. Its business of builders' merchants is being discontinued and the

## Confidence at Wilkinson Match

The recent U.S. acquisition of True Temper by Wilkinson Match was going "nicely to plan" and would add further momentum to the group's recovery, Mr. Denys Williams, chairman of Wilkinson Match, told shareholders at yesterday's annual meeting.

He said that shareholders' confidence in agreeing with the Board's recommendation to buy True Temper will be fully justified. Despite difficult conditions world-wide, the Wilkinson group continued to make steady progress and True Temper would add further momentum to growth.

"This will be particularly marked in the second half of the year because of the increasingly seasonal aspect of the business," he said.

# Retail side leaves Morgan Edwards with £0.49m loss

AFTER FALLING from a £23.51 profit to a £110,058 loss at midday, the taxable deficit at Morgan Edwards, wholesale and retail grocer, ended the April 1, 1978 year at £492,000 compared with a £29,000 profit previously.

After omitting the interim payment, the company is passing its final dividend. Previously a 1.50p dividend was paid.

The directors' details moves to sell certain parts of the groups' interests and properties, and these discontinued operations contributed a £500,000 loss against a £150,000 deficit in the year.

Of the total turnover of £33.47m (£23.06m), the discontinued operations' share was £4.94m (£3.19m).

The £202,000 loss for continuing operations is after charging £140,000 of non-recurring items. There was a tax credit of £24,000 (£1,000).

The £202,000 loss (excluding extraordinary loss) included a £158,000 loss incurred from April 2 until closure by discontinued operations, provisions for losses on the disposal of fixed assets of £27,000 and a cumulative written-off totalling £146,000.

The acting chairman, Mr. M. A. Grant—one of four new directors on the Board following the April acquisition of a 5.5 per cent interest in the company by Avonmiles—says the reported loss stems entirely from the retail stores and may be attributed to the part the retailers have been made policy from conventional retailing.

to discount retailers implemented in August, 1977. An exception was the small loss attributed by Siddall Bros. which has been disposed of, as at August 7, 1978, to Morgan Edwards (Holdings).

The disposal is estimated to produce a £250,000 cash release in the next two months. This excludes the disposal of Siddall's school canteen at Stoke-on-Trent, which has a book value of £91,000.

Siddall last year had a turnover of £5.11m and produced a loss of £36,000.

Mr. Grant says that on their appointment, the new Board commenced reorganisation of the group's business, and this included disposal of unprofitable activities and the sale of surplus properties. Most of the disposal should be completed by the end of September and it is expected that by the end of the year the group will be in a position to pursue opportunities for internal growth and acquisition.

Two retail stores have been closed at balance date and the group's accounts show under current assets a £589,000 item described as assets held for disposal. This includes Siddall's retail stores and other surplus properties.

Mr. Grant says Morgan Edwards will benefit significantly from the sale of surplus properties as well as from the subscription

by Avonmiles of £151,250 of new capital.

The balance sheet shows net tangible assets reduced from £1.12m to £0.34m during the year. Fixed assets are shown at £1.41m (£1.67m), current assets at £2.38m (£2.48m) and current liabilities at £3.36m (£2.96m), including £0.51m (£0.97m) owed to bankers.

Meeting, Shrewsbury, September 25 at noon.

# George Blair on target

AFTER the hefty increase from £286,000 to £507,000 in the first half, profits before tax of George Blair and Company improved from £282,000 to £595,000 in the year ended April 1, 1978. Turnover rose from £72.3m to £101.7m.

In their interim report, the directors expected that the next six months' profit would be slightly less than the first half producing a full year profit of £550,000 in the circumstances, a satisfactory result.

After tax of £479,000 (£446,000) earnings per share are shown at 28.5p compared with 24.9p.

The directors say the new product development continues to receive high priority. The cast steel wheel product is now ready for launching and is currently undergoing sample trials.

A slackening of demand has occurred for some products. Nevertheless, the group has been working hard to overcome these difficulties.

New markets are being explored vigorously and as a result of the efforts of the sales staff, order leading is now satisfactory.

The board is confident, therefore, that the group will show a

## Group Investors

Gross revenue of Group Investors rose from £359,928 to £402,987 in the year to 30. 1978, year and after tax of £78,955 compared with £72,616 previously, net available revenue came out ahead from £111,868 to £137,701.

Earnings per share are shown at 2.07p compared with 1.77p, and a final dividend of 1.18p net takes the total from 1.7p to 2.9p. Net asset value per share is shown at 86.4p (72.2p).

## Macdonald Martin

A revaluation of the distilleries and other freehold and leasehold properties of Macdonald Martin Distilleries has produced a surplus of £1,450,243, Mr. D. W. A. Macdonald, the chairman, tells members in his annual statement.

The directors intend that the next accounts for the company will be made up for nine months to December 31, 1978, believing that the changes will materially assist the administration and future planning of the company.

## Hambro Trust advances

For the year to June 30, 1978, available revenue of Hambro Trust advanced from £108,000 to

# NPI and Vanbrugh go 'open market'

TWO MORE life companies, National Provident Institution and Vanbrugh Life Assurance have announced that they intend to take advantage of the 1978 Finance Act and introduce an "open market" option on their self-employed pension contracts.

This option will allow the investor when he retires to take the cash equivalent of his pension contract and buy an annuity with another life company. Thus at the time of retirement the investor can shop around in order to get the best available pension.

NPI, a leader in this field, reckons that many self-employed who boost their pensions by as much as 10 per cent by shopping around. Although it is not likely to be made compulsory, it is expected that most life companies will add the option at least in respect of new contracts.

Both NPI and Vanbrugh have announced that the option will apply not only to new contracts but to existing policies. But much will depend on the details of the eventual Inland Revenue requirements. Until then have been made known, life companies can do nothing beyond expressing their intentions.

Mr. Gordon Bayley, general

manager and actuary of NPI welcomed this concession which would be a great benefit to the self-employed.

Meanwhile Scottish Equitable Life Assurance Society announces a new pension plan designed to enable employers and employees to top up the benefits provided by the State pension scheme and/or the company pension plan. It is called the Money Purchase Plan and is extremely simple in operation.

The contributions paid by the employer and employee are invested 100 per cent in an underwriting fund which is credited with interest on a daily basis. The investment part at a rate 1 per cent lower than the published yield on the company's main life fund for the previous year, together with a bonus rate depending on investment performance.

A pension age has been accumulated value can be taken as a tax free cash sum up to the Revenue limits or cash taken in pension form. The plan provides lump sum death benefit if the employee dies in service, plus widows and dependents' benefits. There is considerable flexibility in the benefit provision.

## Mercantile Investment

From total income of £2,022,878 against £2,028,723, available net revenue of Mercantile Investment Trust advanced from £1,078,245 to £1,320,145 for the half year to July 31, 1978.

Revenue was struck after management expenses of £139,446 (£166,567), debenture and other interest, £1,015,233 (£1,071,151) and tax of £728,034 (£822,812).

The net dividend dividend is kept at 0.52p per 25p share, the previous year's final was 0.5p per £2.49m net revenue.

Net asset value, assuming conversion of convertible debenture stock and after deducting prior charges at redemption prices, is shown at 89p (47.5p) per share, and after deducting prior charges at market prices, at 82.5p (51.5p).

## MINING NEWS

# CSO raises gems 30% and ends surcharges

BY KENNETH MARSTON, MINING EDITOR

A BIGGEST-EVER diamond price increase of 30 per cent is announced by the Central Selling Organisation which markets some 65 per cent of the world's rough diamond production on behalf of De Beers and other producers. At the same time, the CSO is to end its recent policy of putting surcharges on the prices.

The latest increase will take effect from the next sight (or sale, of which there are 10 a year) on August 21 and will apply to rough gem diamonds. It will vary according to quality and size, but the effect will be an overall rise in prices of 30 per cent.

## CSO INCREASES IN GEM PRICES

	per cent
August, 1978	30
December, 1977	17
March, 1977	15
September, 1976	5.75
January, 1976	3
January, 1975	1.55
August, 1973	10
May, 1973	10
March, 1973	7
February, 1973	11
September, 1972	6
November, 1971	5

\* Certain categories of larger gems only.

dollars and the major factor in the latest CSO price increases has been the sharp fall in the value of that currency: since the last CSO price increase eight months ago the dollar has fallen by 21 per cent against the yen, 24 per cent against the Swiss franc and around 8 per cent against the Deutschmark, French and Belgian francs.

At the same time, however, demand for diamonds has remained strong. Last year the total value of sales handled by the CSO advanced 33 per cent to a record \$2.67bn and in the first half of this year they climbed further to \$1.22bn.

The market now awaits with interest the next sight on August 21 to see how well the latest price increase in accepted, particularly in regard to anticipatory buying for the U.S. Christmas trade which carries on for about 40 per cent of the diamond sales there. Total U.S. sales account for 50 per cent of all gem purchases.

Other eagerly awaited are the 1978 half-year profits and interim dividend of De Beers which are due to be published on August 23. Following the latest 20m price increase news the deferred shares rose 25p to a 1978 high of 45p in London yesterday; they have come up from 25p this year.

It follows an increase in December last year of 17 per cent—the biggest for some 30 years—and a previous rise of 15 per cent in March 1977. On top of the basic prices, the CSO imposed a surcharge of as much as 35 per cent at the sight on March 28 this year. The surcharge was subsequently cut to 25 per cent in May, 15 per cent in June and 10 per cent last month.

Imposition of the surcharges was made in order to combat over-speculation in uncut diamonds the market price of rough diamonds and the price of polished diamonds at retail level.

Diamonds are priced in U.S.

ing them along the processing and marketing chain.

The resultant shortage brought premiums of anything up to 100 per cent and more in the market which were out of all proportion to the prices paid for mine production. The CSO surcharges, combined with some credit-sources have brought the market under control again, restoring a reasonable relationship between the market price of rough diamonds and the price of polished diamonds at retail level.

# Good July tin production

GENERALLY HIGHER tin concentrate output figures for July are announced by the Far Eastern tin producers' group, the Mining Corporation Group, Trombay again comes out well with an output for last month of 214 tonnes which brings the total for the past seven months of the current financial year to 1,434 tonnes against 1,233 tonnes in the same period of 1977.

Sungei Besi is fulfilling anticipations of increased production this year with a total of 649 tonnes for the past four months compared with 608 tonnes at this time a year ago. The chairman has warned that reserves at the important Hong Fat section are only sufficient to allow production at the present rate to continue until the end of the current year but operations are to be resumed at the No. 3/5 open-cast in the third-quarter. The mine's ultimate life should run to about 1982.

Southern Kinta's four-month total is brought to 558 tonnes against 680 tonnes while despite a further improvement last month Berjunt's three-month output has fallen to 1,140 tonnes against 1,237 tonnes; the company announces that its No. 7 dredge was shut down from July 13 to 28 for major repairs.

	July	June	May
Asahi	110	107	111
Asahi	110	107	111
Asahi	110	107	111
Asahi	110	107	111
Asahi	110	107	111
Asahi	110	107	111
Asahi	110	107	111
Asahi	110	107	111
Asahi	110	107	111
Asahi	110	107	111

Mining and Smelting, a member of the Anglo American Corporation Group, reports half-year earnings of £31.5m (£202,000) after extraordinary items.

This compares with £31.5m a year ago. Revenue in the latest period was affected by the lower volume of gas taken by the company's major gas purchaser in Western Canada. Gas production and revenue are expected to improve later in the current quarter.

Hudbay's 53 per cent-owned Syncona Oil and Gas has consolidated net earnings in the first half of £34.2m compared with £35.1m in the same period of last year. The company's Indonesian production has declined from the peak achieved in the first half of 1977 but still averaged 71,000 barrels a day in the past six months, well above expected levels.

# STEAD & SIMPSON LIMITED

FOOTWEAR RETAILERS AND MOTOR DEALERS

Record figures for both footwear and motor trading

	1977-8	1976-7
Turnover	£22,513,334	£18,596,008
Profit before tax	2,230,214	1,886,520
Profit after tax	1,080,382	940,751
†Extraordinary item	113,897	414,051
Ordinary and 'A' Ordinary		
Dividends	2.132p	1.83848p*
Earnings per share	3.68p	3.27p
†Surplus on sale of properties		
*Adjusted for scrip issues		

The following points are from the Report and Accounts and Statement of the Chairman, Mr. Harry E. G. Gee, for the year to 31st March, 1978.

- \* The profit and turnover for the Footwear Shops were records with increases of 18.6% and 15.6% respectively.
- \* The profit and turnover for the Motor Trade were also records with increases of 16.3% and 33% respectively.
- \* During the year we opened three new branches, re-located two and considerably extended another one. Two were closed. Plans are currently in hand to open six more.
- \* The turnover for the first ten weeks of the current year has shown an increase of 23% for footwear trading and 27% for motor trading.

# Cawdaw Industrial Holdings Limited

In his Annual Statement the Chairman, Mr. G. H. Lowe reported:

- \* A difficult year for Textiles but better prospects for the current year
- \* A return to profitability of the Timber & Kitchen Furniture Manufacturing Units
- \* Developments in the Weaving & Bedroom Furniture Manufacturing Units.

Summary of Results	1977/78	1976/77
Turnover	11,796,827	11,715,946
Profit before taxation	435,563	503,909
Profit after taxation	191,021	243,472
For each ordinary stock unit		
Earnings of	4.1p	5.2p
Dividend of	2.4579p	2.201131p
per unit		

Copies of the Report and Chairman's Statement may be obtained from: The Secretary, Cawdaw Industrial Holdings Limited, Cawdaw House, Lower Broughton Road, Salford M7 9EX







## Currency, Money and Gold Market

		THE POUND SPOT			
		Aug. 8	Month's range	Day's spread	Change
U.S. \$	71	2.8575-2.9005	1.2635	7.5455	
Canadian \$	9	2.2600-2.2855	2.2632	2.2640	
London	42 1/2	4.76-4.20	4.76	-4.17	
Belgian Fr.	47	80.5-81.05	80.55	-81.75	
Swiss Fr.	9	10.54-10.58	10.55	-10.57	
Japanese Ki	15 1/2				

		"	"	"	"
		One month	Three months	One month	Three months
0.86-0.93 cpi	-0.57	0.99-1.06 cpi	-0.7		
0.98-1.07 cpi	1.82	1.10-1.20c pi	1.8		

0.91-0.94	pm	5.07	2.64-2.68	pm	5.3
1.15-1.55	weds	-4.3	10-10.75	thurs	-4.6
1.25-0.45	th	-0.56	0.75-1.10	fr	-0.9
1.35-1.20	pm	7.45	1.20-1.09	pm	7.5
1.20-1.10	pm	7.75	1.34-1.30	pm	7.8

## CURRENCY MOVEMENTS

Aug 11	Bank of Montreal England currency index changes %
sterling .....	62.11 -41.1
U.S. dollar .....	112.77 +1.7
Canadian dollar .....	62.67 +14.6
American dollar .....	100.85 +18.7
Belgian franc .....	51.07 +2.1
Dutch guilder .....	114.54 +5.1

1	Deutsche Mark	142.85	+ 16.0
2	Swiss franc	193.37	+ 87.2
3	Guilder	119.98	+ 17.5
4	French franc	99.77	- 3.0
5	Lira	55.70	+ 37.1
6	Yen	355.99	+ 94.2

Based on trade-weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

S		U	
			Note Rates
97.28-91.79	Swedish	37.50	46.50
63.0-86.64	Belgium	52.1	63.1
170.4-118.0	Denmark	10.50	10.65
1.00-18.50	France	8.37	8.47
59.5-58.8	Germany	4.0	3.90
862.4-81.5	Italy	1598	1625
1.00-1.00	Japan	86.5	78.5
60.8-67.40	Netherlands	13.4	13.5
37.5-41.00	Norway	10.10	10.20
65.9-59.96	Portugal	82.8	82.8
68.9-64.98	Spain	164	167
6.0-5.34	Switzerland	3.23	5.35
1.47-2.47	United States	1.9878	1.9475
6.0-8.75	United Kingdom	37	40
Argentina in free rate			

Interest Earned	Capital Income	Dividend Income
1618. 886.8	2,204 1,139	80.70 31.59

430.5	0.373	15.78
445.5	0.079	167.4
1920.	2.615	72.05
494.0	0.975	18.35
387.9	0.528	14.56
1000:	1.862	103.
754.2	1.	27.55
2568.	3.650	103.

Italian Lira	Asian \$	Japanese Yen
9.13	—	—
31.13	7.13	—14.14
121.13	24.14	1.2.14
18.14	28.14	1.2.14
126.14	28.14	28.14
14.15	28.14	28.14

**GOLD**

**Record**

# level

Gold rose \$3 an ounce to close at a record finishing level of \$206.27 in yesterday's London bullion market. The metal's renewed strength reflects a "looker trend" in the U.S. dollar and after opening at its best level for the day of \$207.207 it was fixed during the morning at \$206.50. After a morning trading of \$206.53, a slight recovery by the dollar saw gold down to \$205.4-206.1, although early trading in New York pushed the metal up to around \$208.

In Paris the 12 k20 bar was fixed at FF 2,670,000 per kilo or \$235.50. The 1000 gram paragon was fixed at FF 26,800 (\$235.54) with FF 25,800 (\$235.54) in the

	Aug. 6	Aug. 7
Good Stallion in first service		
Cries.....	\$207.787;	\$2045.2844
Opening.....	\$207.053;	\$205.9662
Morning Biding.....	\$206.75	\$205.00
	(1.106.955)	(1.6.118)
Afternoon Biding.....	\$208.95	\$204.05
	(1.107.917)	(1.15.75)
Good Com- domestically		
Krugerman.....	\$213.215;	\$211.215;
	(1.106.955)	(1.106.955)

New Sovereigns.....	349.00	5-77.50
Old Sovereigns.....	320.61	1-40.31
Old Sovereigns.....	358.00	6-87.10 (50)
Old Sovereigns.....	430.51	4-50.51
Gold Liras.....	internal	5-50.51
Krunkerand.....	5212.118	5-116.118
.....	5212.111	5-116.118
New Sovereigns.....	500.00	5-07.50
.....	430.51	5-07.50
Old Sovereigns.....	485.00	5-07.50
.....	500.00	5-07.50
SD Liras.....	5230.52	5-109.52
.....	135.145	1-145.145
SD Marks.....	5105.100	4-194.1-10

MONEY RATES	
<b>NEW YORK</b>	
Fed Rate .....	9
Prime Funds .....	7
Treasury Bills 90-day .....	7.75
Treasury Bills 120-day .....	6.75
<b>GERMANY</b>	
Money Rate .....	3
Overnight .....	2.87
One month .....	3.5
Three months .....	3.75
Six months .....	4.15

<b>FRANCE</b>	
Discount Rate .....	9.5
Overnight .....	7.5
One month .....	7.75
Three months .....	7.5
Six months .....	7.75
<b>JAPAN</b>	
Discount Rate .....	3.5
Call (discretionary) .....	4.5

Bills Disputant Rate	4.5
	4.75















† Vanbrugh Guaranteed .....	101 7/8
† Address shown under Insurance and Property Bond Table.	92 5/8







Handwritten note: "J.P. 10/15/50"

INDUSTRIALS—Continued

INSURANCE

PROPERTY—Continued

INV. TRUSTS—Continued

FINANCE, LAND—Continued

**DAIWA SECURITIES**  
International Finance

MINES—Continued

Table with 4 columns: Stock, Price, % Chg, and Volume. Includes entries for CENTRAL AFRICAN and AUSTRALIAN.

OILS

Table with 4 columns: Stock, Price, % Chg, and Volume. Includes entries for various oil companies.

OVERSEAS TRADERS

Table with 4 columns: Stock, Price, % Chg, and Volume. Includes entries for various overseas trading companies.

RUBBERS AND SISALS

Table with 4 columns: Stock, Price, % Chg, and Volume. Includes entries for various rubber and sisal companies.

TEAS

Table with 4 columns: Stock, Price, % Chg, and Volume. Includes entries for various tea companies.

MINES

Table with 4 columns: Stock, Price, % Chg, and Volume. Includes entries for various mining companies.

CENTRAL RAND

Table with 4 columns: Stock, Price, % Chg, and Volume. Includes entries for various Central Rand companies.

EASTERN RAND

Table with 4 columns: Stock, Price, % Chg, and Volume. Includes entries for various Eastern Rand companies.

FAR WEST RAND

Table with 4 columns: Stock, Price, % Chg, and Volume. Includes entries for various Far West Rand companies.

O.F.S.

Table with 4 columns: Stock, Price, % Chg, and Volume. Includes entries for various O.F.S. companies.

FINANCE

Table with 4 columns: Stock, Price, % Chg, and Volume. Includes entries for various finance companies.

DIAMOND AND PLATINUM

Table with 4 columns: Stock, Price, % Chg, and Volume. Includes entries for various diamond and platinum companies.

OPTIONS

Table with 4 columns: Stock, Price, % Chg, and Volume. Includes entries for various options.

3-month Call Rates

Table with 4 columns: Stock, Price, % Chg, and Volume. Includes entries for various 3-month call rates.

Table with 4 columns: Stock, Price, % Chg, and Volume. Includes entries for various industrial companies.

Table with 4 columns: Stock, Price, % Chg, and Volume. Includes entries for various insurance companies.

Table with 4 columns: Stock, Price, % Chg, and Volume. Includes entries for various property companies.

Table with 4 columns: Stock, Price, % Chg, and Volume. Includes entries for various investment trusts.

Table with 4 columns: Stock, Price, % Chg, and Volume. Includes entries for various finance and land companies.

MOTORS, AIRCRAFT TRADES

Table with 4 columns: Stock, Price, % Chg, and Volume. Includes entries for various motor and aircraft trade companies.

Commercial Vehicles

Table with 4 columns: Stock, Price, % Chg, and Volume. Includes entries for various commercial vehicle companies.

Components

Table with 4 columns: Stock, Price, % Chg, and Volume. Includes entries for various component companies.

Garages and Distributors

Table with 4 columns: Stock, Price, % Chg, and Volume. Includes entries for various garage and distributor companies.

SHIPBUILDERS, REPAIRERS

Table with 4 columns: Stock, Price, % Chg, and Volume. Includes entries for various shipbuilder and repairer companies.

SHIPPING

Table with 4 columns: Stock, Price, % Chg, and Volume. Includes entries for various shipping companies.

SHOES AND LEATHER

Table with 4 columns: Stock, Price, % Chg, and Volume. Includes entries for various shoe and leather companies.

SOUTH AFRICANS

Table with 4 columns: Stock, Price, % Chg, and Volume. Includes entries for various South African companies.

TEXTILES

Table with 4 columns: Stock, Price, % Chg, and Volume. Includes entries for various textile companies.

NEWSPAPERS, PUBLISHERS

Table with 4 columns: Stock, Price, % Chg, and Volume. Includes entries for various newspaper and publisher companies.

PAPER, PRINTING

Table with 4 columns: Stock, Price, % Chg, and Volume. Includes entries for various paper and printing companies.

ADVERTISING

Table with 4 columns: Stock, Price, % Chg, and Volume. Includes entries for various advertising companies.

PROPERTY

Table with 4 columns: Stock, Price, % Chg, and Volume. Includes entries for various property companies.

TOBACCO

Table with 4 columns: Stock, Price, % Chg, and Volume. Includes entries for various tobacco companies.

TRUSTS, FINANCE, LAND

Table with 4 columns: Stock, Price, % Chg, and Volume. Includes entries for various trusts, finance, and land companies.

Investment Trusts

Table with 4 columns: Stock, Price, % Chg, and Volume. Includes entries for various investment trusts.

Finance, Land, etc.

Table with 4 columns: Stock, Price, % Chg, and Volume. Includes entries for various finance, land, and other companies.

Finance, Land, etc.

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**STEEL** FROM **John Williams**  
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# FINANCIAL TIMES

Wednesday August 9 1978

"We ought to know more about the companies with which we do business."

**Excellent idea!**

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## Crane Fruehauf loss of £1.7m last year

BY NICHOLAS COLCHESTER

CRANE FRUEHAUF, the Norfolk trailer manufacturer, made a loss last year of £1.7m after having forecast in October 1977 that its pre-tax profit would be £3m.

The shortfall emerged in preliminary figures presented yesterday by the company's new American-led management.

The forecast had been made by the previous management in the course of strong resistance to the take-over by Fruehauf International of the U.S.

Mr. F. J. Schwab, the president of Fruehauf Europe, and Mr. George Mailey, the president of the American parent, said that they were bitter about the year's outcome.

They claimed that the profit forecast, and the accompanying bid for Crane by Inchepe and Co., had added £3m to the price Fruehauf finally had to pay for Crane.

Asked whether the U.S. company might now take legal action against Crane Fruehauf's management, Mr. Schwab said that Crane Fruehauf's management, its advisers, Barclays, Coopers & Lybrand, Mr. Mailey replied that the "matter is under review".

Mr. Schwab revealed that there had been argument with Coopers in preparing the year-

end accounts and that the firm would not be retained as auditors.

Mr. Charles Ball, former chairman of Barclays Merchant Bank, who played an active role in Crane's resistance to the U.S. bids, yesterday repeated his earlier assertion that the £3m forecast was only valid in the context of a take-over by Inchepe. Part of this profit forecast related to deployment by Inchepe of Crane's assets in Nigeria, he explained. He also maintained that the different attitudes of Crane's old and new management to the British company's overseas expansion must account for a substantial part of the reported profits shortfall.

The Crane Accounts for 1977 have, in effect, been qualified by Coopers with the information that the final figures have only been reached after "significant adjustments" to the internal accounts of the previous management.

In particular the accounts of two Crane subsidiaries — Denison Trailers Ireland and Crane Fruehauf Finance — had been qualified, the former for a stock shortage of £450,000 and the latter for inadequate book-keeping.

The new Crane management

made it clear, however, that these irregularities alone did not account for the profits shortfall. They claimed that Crane's basic business had made a pre-tax profit of £2.7m in 1977 but that this had been offset by £3m in operating losses — chiefly in "speculative international ventures" — by a £408,000 write-off of a manufacturing project in Iran, and by the £382,000 that Crane spent trying to ward off Fruehauf's many bids.

Prominent in the operating loss was a write-down of close to £1m on the value of inventory awaiting sale in Iran.

This "missed forecast" follows news of a similar error by Dunford and Elliott, whose new parent Lomax is now considering court action.

The Take-over Panel has already asked for details of the Crane shortfall, but — as with Lomax — it will defer to the courts if legal action now results.

Crane Fruehauf's new management says that the company is now operating profitably. The president of Fruehauf International yesterday ceased to be managing director of Crane and passed the job back to an Englishman, Mr. Philip Croft, who was previously a senior executive in the company.

## TELECOMMUNICATION EQUIPMENT

## Chapple against Post Office sales monopoly

BY JOHN LLOYD

MR. FRANK CHAPPLE, General Secretary of the Electrical and Plumbing Trades Union, has come out in favour of handing over marketing of telecommunication equipment to the private sector.

The market, which includes data equipment, PBXs and telexes as well as telephone handsets, is enormous. There are nearly 22m telephones installed in the UK with other related equipment, the Post Office estimates the value of equipment in use at around £1.5bn.

Mr. Chapple is concerned by loss of jobs in the telecommunication manufacturing industry and sees a free market in equipment as a way of stimulating demand. He reckons that some 6,000 of his members' jobs in the industry are at risk.

### Conversion

Confirmation of Mr. Chapple's fears comes today with the announcement that Plessey, one of the three major suppliers of Post Office equipment, is to lay off 600 of its 20,000-strong workforce in its UK telecommunication business.

Mr. Chapple's conversion to this position supports the view taken earlier this year by Sir Keith Joseph, the Conservative spokesman on industry, who said that "one of the earlier places of legislation" of a future Conservative government would be to allow manufacturers to market equipment in competition with the Post Office.

Mr. Brian Stanley, General Secretary of the Post Office Engineering Union, criticised Mr. Chapple's call. It was "very surprising that Frank Chapple, on behalf of his union, should be propagating a right-wing Conservative point of view."

Mr. Chapple believes that the Post Office should continue to have, for rent or sale, the completely standard types of equipment, but it is quite wrong to prevent the user having the maximum amount of choice. "It is wrong to expect that the Post Office will be able to provide the vast variety of equipment that the public will wish to be available."

Mr. Chapple believes that competition in the market will strengthen the export potential of the UK telecommunication companies, which have seen their share of the world market decline dramatically over the past few years.

"Unfortunately, the manufacturers themselves seem inhibited by their fear of offending the Post Office in speaking out loudly and publicly on this issue. It is left to my union to see that the issue is raised publicly."

Mr. Chapple believes that the Post Office Board is "much more outgoing and progressive than it has been before. It will see the advantages of adopting a completely liberal policy concerning telecommunication equipment."

"I think it is better that the Post Office do this of its own volition rather than being forced to do it by political and legislative action — action which may be motivated more by the desire to humble and destroy the monopoly than by a constructive attitude for providing opportunities of jobs in a new area to people who may find their old occupations disappearing."

Mr. Chapple believes that the situation for his members is much more urgent than for Mr. Stanley's. The changeover to the manufacture of System X, the new electronic exchange, in the early 1980s will, he says, lead to a further loss of jobs in telecommunication manufacturing.

"In contrast, most of the network will continue to use existing exchanges during the next 20 years and thus the engineers in the Post Office will be affected by the new technology to a relatively small extent in the near future."

Mr. Stanley said that Mr. Chapple's idea would mean a massive loss of revenue for the Post Office, and that customers would be required to pay more to maintain and extend the network.

### Redundancy

Plessey's annual report, published today, says that 800 employees will be made redundant in the next financial year. The redundancies will be concentrated in the company's Edge Lane factory in Liverpool, which is devoted to electromechanical exchange production.

The report also contains warnings of further reductions. "We shall deal with further stages of telecommunication modernisation and rationalisation on a planned basis," it says.

Chapple comes to aid of manufacturers Page 13 Plessey report Page 15

## THE LEX COLUMN

## The worrying pace of bank lending

There are always "special factors," but there is no denying that the July banking figures are unsettling. Far from falling, the banks' interest-bearing liabilities increased by £441m last month and are now higher than they were before the corset was imposed a couple of months ago. Meanwhile the total eligible liabilities figure, which fell by 0.3 per cent the previous month, rose by 1.4 per cent. This should not be taken to mean that sterling M3 has grown by the same order of magnitude, but it could nevertheless show a rise of 1 per cent or so and the authorities are going to find it more difficult to justify a cut in interest rates in the short term.

The main worry is bank lending, which continues to grow at what seems to be an unhealthy pace. Sterling advances of the London clearing banks rose by £783m of which probably half reflected seasonal influences with the debiting of interest. Even so an underlying growth of £400m still looks high since the figures do not take account of the non-clearers. The official line is that borrowers were forswearing the non-clearers and switching back to the clearing banks' overdraft facilities for reasons of cheapness. This may be so but it will not be apparent until the full money supply figures are published.

The immediate reaction of the gilt-edged market was to mark prices lower. However, as long as the corset remains in place there should not be too much to worry about. It is the clearing banks that need to be concerned, for unless there is a sharp slowdown in their growth in lending they will be penalised. The gilt-edged market only needs to be concerned when the authorities start talking of "relaxing" the corset.

Plessey needs to generate more cash. Its latest accounts show that debt rose by £15m to the year to March, a period when requirements for new working capital were modest and spending on fixed assets was cut by nearly a third. The balance sheet, which is still not high, even after writing off £30m of goodwill. But the fact is that over the last four years, a group with annual sales of over £600m has (after excluding its associate interests) accumu-

lated total retentions of under £5m.

The main reason is the drop in the UK telecommunication business, which has brought with it extraordinary charges of £23m in the last two years. Plessey says there should be no need for any more "major" provisions. But even after its drastic reshaping, public telecommunications systems still account for two-fifths of group profits, and more than half the sales on this side go to the Post Office.

This sector is now pressing ahead with its biggest ever development programme, involving a move to large scale production of electronic exchanges and major switching developments for System X. Presumably it is going to be cash hungry for some years to come. Will this be forthcoming from the rest of the business? The group is hoping for an improving trend in overall profits from the second half of this year, but there is likely to be another sizeable loss on record changes and margins on the rapidly expanding electronics systems side seem to have been coming under pressure.

So there are some questions to be answered at the annual meeting. Shareholders may be happy about the liberal dividend policy. But they should note that net worth has declined in each of the last two years, and that even before write-downs the latest payment was not covered on a current cost basis.

Fruehauf forecast

Argument over Crane Fruehauf's missed profit forecast —

a loss of £1.7m against forecast profit of £3m — could be as bitter as the 13 month bid-battle that spawned it. Roughly £1.4m of the loss relates to write-offs in Iran and Crane's new U.S. masters have been adamantly opposed to Crane's strategy there since long before they first sought to expand their 50 per cent stake in Crane to full control. It is very difficult to see how much of Crane's apparent relapse is due to accounting prudence and how much to the new management's desire to wipe the slate clean and do things differently.

A forecasting error of this magnitude makes a mockery of the use of forecasts in take-over situations. The Takeover Panel is now faced with the daunting task of discovering whether Crane's previous management, or its business and auditors, were culpable in putting their names to such a prediction. The Panel's best hope is that court action takes the matter out of its hands. The injured party in this case is not a group of small shareholders but a large U.S. corporation. If Fruehauf really thinks it has a case in claiming that Crane's forecast cost it an extra £3m the remedy lies in its hands.

B. Sunley

Bernard Sunley's property revaluation throws up a surplus of £11.6m and increases the net asset value per share by a quarter to 35p at the balance sheet date. But this figure needs to be adjusted to reflect the outcome of last week's debenture refinancing deal with Eagle Star which adds another 45p to the book value. On this basis the present share price of 240p stands at the exceptionally high discount of almost 40 per cent to net asset values.

Sunley is well aware that its mixture of property investment, contract building, housing and a French holiday resort development does not enhance its attractions in the stock market. It has already pulled out of operating the loss-making Sunley Homes business, has sold the loss-making hotel in Jamaica and has plans to dispose of the Isola 2000 resort and European office investments as soon as suitable buyers can be found. That would leave a sound UK property investment portfolio and a (largely Middle East) contracting business which Sunley may eventually hive off.

## Rhodesia's move to ease racial laws falls flat

BY TONY HAWKINS

SALISBURY, August 8.

RHODESIA'S STATEMENT on the abolition of racial discrimination was greeted on all sides as a non-event today. The statement largely legalises and formalises already-accepted breaches in the racial code.

It abolishes racial discrimination in public places, such as hotels, restaurants, swimming pools and cinemas, but the majority of such places have been multi-racial for some years. This is hardly a major advance. The difference now is that no hotelier can ban a person on the grounds of colour. Legislation will be enacted to allow anyone who is discriminated against on colour to seek redress through the courts.

The statement also announces the opening-up of all trading and industrial areas to black businessmen. However, this too is more a formality than anything else as the owners of such property have been allowed since last year to have black tenants if they so wished.

Perhaps the most significant change is the decision to enfranchise blacks living in white areas for local and municipal elections. This implies that abolition of the Land Tenure Act is soon to follow, as there is no other rational for taking such

a step. But Nationalist spokesmen and white moderates have expressed disappointment and dismay at the transitional Government's failure to grasp the nettle and deal with the really contentious issues such as schools, hospitals, white residential areas (segregated in terms of the Land Tenure Act) and the military call-up.

"Less than peanuts," snorted a spokesman for Bishop Abel Muzorewa, clearly out of step with the Bishop himself, who described today as "one of the greatest" in the country's history.

A spokesman for the Rev. Ndabaningi Sithole also described the statement as very disappointing. Most of the changes it announced had already been implemented, he said. A spokesman for Mr. Joshua Nkomo's ZAPU said that the country needed an all-party conference to settle the war and not minimal moves of this kind.

The Executive Council was at pains to emphasise that this is only the first step towards the removal of racial discrimination. There is no immediate reaction to the report that Dr. David Owen, the Foreign Secretary, is planning another Southern

African safari later this month, aimed at convening an all-party conference, though the opinion is gaining ground here that the transitional Administration will attend such a meeting later this year if only to demonstrate its willingness to negotiate while the Patriotic Front of Mr. Mugabe and Mr. Nkomo demands a near-total handover to its forces.

Our Foreign Staff adds: While refusing to confirm that Dr. Owen is preparing to fly to Southern Africa in the next few days, a Foreign Office spokesman stressed that the Foreign Secretary had said on a number of occasions that he hoped to go to Southern Africa in August to help convene an all-party conference.

These hopes remained, the spokesman said, but no date had yet been fixed for a conference, which would involve leaders who had reached an internal agreement in Rhodesia and the externally-based leaders of the Patriotic Front prosecuting the guerrilla war.

Dr. Owen has kept a flexible and relatively open schedule for August, and is thus ready to make the trip if necessary.

Editorial Comment Page 12

## Early August figures show car imports have over half market

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

CAR IMPORT sales in the UK have risen sharply again in the first few days of August, taking a little more than 50 per cent of a market which is likely to challenge the record figure of 234,000 registrations achieved in August 1973.

At the same time, BL Cars, after a bleak second quarter in which it was dominated by Ford, has come back to take a tentative lead in the charts, with about 23.5 per cent of the market after seven days.

Ford has dropped back from the 35 per cent penetration it achieved in July to about 22 per cent of total sales of 133,000 in this period.

Too much should not be read into figures for this early month but the current market picture is causing intense interest in the industry as the possibilities of both a record month

and a record year for car sales begin to harden.

Opinion is still sharply divided about whether these records will be achieved. Optimists, particularly at BL, believe that sales could reach about 265,000 in August, with total registrations for the year about 1.7m, against 1.68m in 1973. The more cautious companies feel that the market will not exceed 1.6m units.

### Recovery

BL's recovery has been achieved with the backing of healthy stocks after several months of disappointing sales, while Ford has done better than it usually does in August, a month which traditionally favours companies supplying the private rather than corporate market.

Most BL dealers have now

abandoned hopes of achieving the 27 per cent market share the company was talking about earlier in the year. But they are confident of increasing their overall unit sales now that they have got off to a reasonable start in August, which is always the most crucial month of the year.

Importers' stock levels are also believed to be reasonably high at present, with some European companies like Renault and Volkswagen clearly stocking up to make a big push this month.

If the market moves towards the higher level of predictions, they may be able to make even bigger inroads as the British manufacturers run into stock shortages.

Importers last achieved 50 per cent in the UK in January this year, and since then have been running at an average penetration of 47 per cent.

## NEB and bank to aid small companies

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE NATIONAL Enterprise Board is about to finalise a pilot scheme with a major clearing bank to provide finance for small companies.

It will be launched later this year in the north of England. The NEB has set up two regional offices in Newcastle, the other being in Liverpool.

The plan is that both the clearing bank and the Board should put up equal amounts of money. Although it has yet to be decided whether this would be in the form of loans as well as equity.

The bank is understood to be keen to increase its involvement with small firms while the Board has found it difficult to deal with small and medium-sized companies prepared to accept it as a partner. The NEB has also had problems in establishing itself in the regions and hopes that the scheme will be a link with a bank whose High Street branches are in daily contact with local businessmen.

The arrangement is also significant because it shows that financial institutions are beginning to accept and co-operate with the NEB whose future could be affected if the Conservative government wins the next general election.

The plan will have the support of the Government, which up to now has failed to launch any major new initiatives on the financing of small companies despite the work being done by Mr. Harold Lever, Chancellor of the Duchy of Lancaster, who is responsible for co-ordinating the Government's small firms policies.

Last week the National Economic Development Council's Roll Committee on finance for industry produced a report which gave only a guarded welcome to a limited Government support for a guarantee system for clearing bank loans to small firms. The report said, echoing Treasury views, that the major problem for small firms is lack of equity rather than loans.

Mr. Lever is also working on a scheme for the Government to help small firms to raise working capital.

## Weather

Channel Isles, Wales Shrouds, sunny intervals. Max. 16C (61F).

N.W. England, Lakes, Lof Man, S.W. and N.W. Scotland, Glasgow, Cent. Highlands, Argyll, N. Ireland, Dry, sunny intervals. Max. 15-17C (59-63F).

N.E. Scotland, Borders, Edinburgh, Dundee, Aberdeen, Cloudy, rain. Max. 13C (55F). Moray, N.E. Scotland, Orkney, Shetland, Dry, sunny periods. Max. 15C (59F).

Outlook: Mostly dry, sunny periods.

HOLIDAY RESORTS

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